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advisory task force on housing policy

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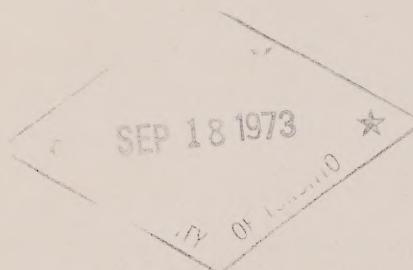
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The Housing Production Process in Ontario; Ontario Housing Advisory Committee, April 1973. \$1

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NOTE: These are staff reports which were prepared for consideration by the Task Force and provide the basis for the Task Force Report. The Task Force members are in general agreement with the material in these Working Papers, but they do not necessarily represent the views of each member.

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ONTARIO ADVISORY TASK FORCE ON HOUSING POLICY

Working Paper A

HOUSING ISSUES AND HOUSING PROGRAMS

June 1973



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Ontario Advisory Task Force on Housing Policy

WORKING PAPER A

HOUSING ISSUES AND HOUSING PROGRAMS

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HOUSING ISSUES AND HOUSING PROGRAMS

INTRODUCTION

This paper provides an overview of housing issues and programs. Written submissions to the Task Force, oral presentations at public meetings, previous studies, and studies especially prepared for the Task Force cover individual housing issues or groups of issues.

Reviewing the range of housing and housing-related factors helps to provide a better understanding of Ontario's present housing situation. It also helps in developing the appropriate approach for housing programs and for strategies to implement them.

All housing issues are related, of course, but there are some issues requiring public action that need to be discussed and decided upon separately before all are brought together.

Ontario's housing situation is constantly changing, partly because of rising standards and expectations, and partly because of public programs introduced in an ad hoc fashion to deal with individual problems.

Yet while the situation is changing, the nature of the issues is not. Basic supply and demand relationships remain unaltered regardless of particular programs. The options of subsidizing people or houses, producers or consumers, are always open. The importance attached to (and therefore the funds allocated to) different sectors of public activity still depends largely upon various perceptions of the public interest as well as political effectiveness. While these kinds of issues are dealt with differently over time, their nature remains the same.

It is not the purpose of this paper to provide answers to all the issues. But it is useful to direct these issues towards suitable solutions for both immediate and longer term government actions and programs. The matters discussed here cover:

- The nature of housing provision
- Housing objectives
- Program alternatives
- Assumptions about government responsibilities and program guidelines.

1. THE PROVISION OF HOUSING

The General Situation

Ontario's housing situation is in severe imbalance. Today's housing market is subjected to two influences -- the normal supply/demand relationship, and some additional constraints on the supply side.

Additions to the housing stock account for only a small proportion of the total stock -- usually no more than four percent annually for the entire province. Under normal circumstances, supply must be assured to prevent rising prices. But increased demand beyond the "normal" rate of supply will lead to a rise in the price of both new and existing housing stock.

Again, under circumstances considered "normal", the housing market has not been able to supply housing at a price that is within the means of all people seeking it. While everyone is housed in some fashion, those with lower incomes spend a much higher proportion of their earnings on shelter than do middle- and high-income groups, regardless of the quality of accommodation.

When these two basic conditions represent the norm, government usually intervenes to help those who are unable to pay the market rate for housing and still have enough left for the other necessities.

By definition, the problem of housing low-income persons is actually more a question of income than of shelter. Yet the programs in Ontario, as elsewhere, have concentrated

mainly on housing rather than income.

Government programs in this field -- whether geared to rehouse low-income families or to assist in, and regulate, the provision of housing for the rest of the population -- have consistently raised the standards for housing and, thereby, housing costs.

The basic issue, then, is the appropriate method for closing that widening gap between the cost of standard housing and the ability of many families to pay for it.

Ability to pay is measured by the proportion of income spent on housing. The currently accepted rule of thumb is up to 25 percent of gross income for rental and up to 30 percent for homeownership.

The relevant data comparing incomes and shelter costs are not available, but crude estimates on a province-wide basis indicate that, at standard housing costs, all low-income families and individuals, except those receiving housing assistance, would have to pay in excess of 25 percent.

Families and senior citizens living in public housing or elsewhere under the rent-geared-to-income scheme constitute a small part of low-income families in need of financial housing assistance for standard housing -- roughly less than 10 percent of all families earning under \$4,000 per year.

Changes in standards and in the proportion of income spent on housing will alter these estimates, but not enough to substantially reduce the size of the need.

If the gap were to be closed by making direct payments to low-income families and individuals, the annual cost could be about \$150 million a year for the Province (assuming an average housing allowance of \$500 per household per 300,000 households).

This estimate is only illustrative, since it would be impossible to create overnight the required number of standard units for all low-income families. Assuming the money given directly to families would, in fact, be spent on housing, a sudden increase in demand would merely increase the general level of rents and produce windfall profits to owners of substandard houses.

Some conclusions can be drawn at this stage:

1) Any scheme for "housing allowance" or "rent certificates" must follow, not precede, an increase in the supply of housing in an amount about equal to the number of families assisted. A sudden increase in effective demand merely pushes up prices and may in the long run produce an insufficient number of additional homes.

2) A more significant conclusion in terms of housing programs and strategies is that there are different types of housing needs which, though related, should be clearly distinguished in the design of housing programs:

Physical Housing Needs refer to the shortage of quality housing available at the required locations. Such needs relate to "housing gaps".

Financial Housing Needs refer to the cost of housing and the ability of families and individuals to pay for it. There are two kinds of financial needs; a) Those affecting all homeowners and renters (since the cost of housing affects the entire population and the economy) and b) Those affecting low- and moderate-income households -- in this case, the need to fill the gap between the cost of an adequate home and the proportion of the income that should not be exceeded to pay for it. These particular needs relate to "income gaps".

3) Finally, it takes time for the housing supply to respond to changes in demand. Both the short-term and long-term effects of government interventions in the housing market have to be considered. Money can be turned on and off almost instantly, but it takes years to service and prepare land for building, and months to construct homes.

Sufficient money can produce the required housing in the long run but, unsupported by other actions, will raise prices in the short run. Conversely, to hold down prices without increasing supply may benefit some people in the short run, but will restrict supply and decrease housing quality in the long run.

Special Circumstances in Ontario

Over the past few years, a number of special circumstances have been added to the normal supply/demand relationships, and these have contributed significantly to the escalation

in housing costs.

1) Housing laws and the establishment of minimum standards were introduced in the interest of health and safety, and served a useful purpose. But rising standards of living have since raised minimum housing standards as well as required residential land development standards beyond strict health and safety requirements, and this has happened more or less haphazardly without any general or uniform policy direction.

While it is the nature of standards to rise, it can be questioned why minimum standards must rise constantly. Such standards are established in the public interest to assure that citizens are protected from so-called sub-standard conditions. They are not intended and should not be used to establish norms.

It is difficult to say whether rising minimum standards are inevitable, but it is even more difficult to call for a lowering of such standards once set too high. Yet there have been examples of relaxations of housing development standards which have not led to health and safety hazards, and which have reduced costs.

2) Another important factor contributing to demand pressures is the concentration of Ontario's major population growth in a few metropolitan areas. This represents a continuation of a long-term trend in developed and developing countries. Toronto, Ottawa, and Hamilton in particular have experienced sustained rapid growth which, it appears, was accommodated more readily during the post-war years.

3) Ontario's environmental concerns pre-date those of other jurisdictions, particularly of the United States. For example, the Province's insistence on complete sewer facilities with a high level of treatment in all urban development areas is still only a great expectation in most urban areas of the United States.

Costs rise on two accounts; first is the cost of the facility; second, because the amount of serviced land is limited it comes at a premium. Thus if septic tank development were permitted, the price of land would decrease immediately and substantially.

Since environmental requirements are not likely to be relaxed (and if anything may become more demanding), the conclusion is that forward planning and the provision of

services ahead of immediate need is required if the supply and, consequently, the price of buildable land is to be affected.

4) Finally, the Provincial Government has initiated an ambitious program of regional planning designed to accommodate urban development pressures and commensurate service needs. The major and complex decisions in these plans cannot be carried out immediately, with the result that large tracts of land, planned or potentially available for development, are temporarily suspended from the normal pre-planning and approval process. The temporary withdrawal of these lands from the market directly affects the price of land that is under development.

The cumulative result of these special circumstances is that the lowest priced single-family house has increased in price in the last two years by at least \$10,000 in the Toronto area and by about \$6,000 in the Ottawa area. And resale prices are not far behind.

Escalating Housing Prices

Acting in combination, these special circumstances are largely responsible for the shortage in housing supply, especially in the major urban areas. Severe shortages have led to ever rising prices for housing, so that current prices no longer relate strictly to the cost of production of housing -- land, material, labour, and money. Instead, this exceptional escalation is the result of an extreme sellers' market.

In the winter of 1972-1973, the price of identical houses in the same location in the Toronto area rose between \$3,000 and \$8,000. These increases were not due to higher land or labour costs or to an increase in the cost of money. A rise in the cost of materials may have accounted for a small portion of the price increase. But the major part of the increase was due to a strong and effective demand for houses in the face of limited supply. Builder/developers were able to ask for, and get, high prices -- a classic example of the aphorism "what the market will bear".

Of the four components of housing production -- land, material, labour, and money -- only land is in short supply now. As long as the demand for housing continues to be strong, and the supply of buildable land is inadequate

to meet the demand, land prices will go up.

In this period of rising land prices, excessive profits will be made by those who own land that is being developed or is ripe for development. ("Excessive" profits being that extra profit over and above the rate that brings land into the market in a competitive situation.) By the standards of the market economy, land owners are operating rationally: they reap a high return when they can, and take a loss on investment where their judgment proves faulty.

Those who own buildable land today -- both developers and others who only deal in land -- stand to gain substantially. Homeowners also gain by the appreciated values. Developers without land reserves have to spend the extra profits on land purchases for future development. Builders, who normally buy land only for current construction, gain less from escalating land prices since they have to buy land at a premium and can add little to the land price on the sale of the finished house.

Under the present circumstances of tight land supply, it is possible for developers to delay building operations to gain the extra profits that can be realized through continued price increases. Public officials believe, although they have no concrete evidence, that this hoarding of land does occur in some instances. To the extent that it does, it further contributes to rising land prices.

When it becomes necessary, forcing buildable land onto the market is a government responsibility, and there are three ways to do it: 1) Control the price of land and thereby make it "unprofitable" to hold land; 2) Tax land at higher rates and thereby make early development less costly (although under a tight market the tax increase can be passed on to the consumer); and 3) Make more serviced land available and thereby defeat the purpose of land hoarding.

2. POSING OBJECTIVES

Coherent government policies cannot be developed nor programs purposefully administered in the absence of stated objectives.

The Government of Ontario accepts its responsibility to provide adequate accommodation for its citizens, but it has not formulated or adopted any housing objectives that can guide the performance of its responsibilities.

Nevertheless, the Government operates varied and extensive housing programs, and spends money to assist in the accommodation of families and individuals at different levels of income and with different kinds of housing needs.

In addition, the government purchases land and provides major services to allow for the development of housing and related activities, all of which helps the housing market.

Considering all of these Provincial Government activities, as well as supporting Federal housing programs, it is reasonable to assume that Governmental activities pursue the following housing objectives:

- To ensure the provision of housing for all households in adequate numbers and at locations to support community development in accordance with local policies and provincial regional development policies;
- To demonstrate Government priority for housing by providing required financial assistance and suitable administrative procedures;

- To assist in the provision of buildable urban land to implement development policies and to achieve stable land prices;
- To maximize housing production from available housing funds;
- To establish administrative machinery at the Provincial and municipal levels that clearly relates housing to social and welfare objectives;
- To maintain the quality of the existing housing stock;
- To provide equal and adequate help for persons with equal needs;
- To enable low- and moderate-income families and persons, and groups with special needs such as the elderly, native people, handicapped persons, students, and single persons to live in adequate housing conditions, at a price they can afford;
- To provide a choice between owning a home and renting one;
- To achieve the dispersion and integration of low- and moderate-income housing in communities generally;
- To secure the protection of the rights of home purchasers and tenants;
- To encourage innovation in housing construction, design, marketing and land planning.

Main Program Objectives

Public intervention in the housing market serves three main purposes:

1) To meet Physical Housing Needs:

- By assuring an adequate supply of housing at places and in locations in accordance with local and regional development policies.
- By assuring an adequate rate of supply.
- By assuring choice of housing for both ownership and for rental accommodation.

- By assuring an adequate supply of special housing for elderly and single persons, the handicapped, etc.

2) To meet General Financial Housing Needs:

- By stabilizing the general price level of housing for all homeowners and renters.

3) To meet Special Financial Housing Needs:

- By meeting the financial needs of low- and moderate-income families and persons.
- By meeting the financial needs of special groups, such as the elderly, native people, and students.

3. PROGRAM ALTERNATIVES

Housing programs, like any public actions, are guided by policies. In the absence of stated policies, the programs themselves establish policy.

In the housing field, various measures have been introduced in response to urgent needs and toward achieving publicly-accepted objectives, but these have often been unrelated to any specific policies. As a result, two or more programs in housing assistance may have produced unintended and unwanted effects. A good example is the inequity in the treatment of social assistance for families living in public housing, as against private housing.

Policies are not immutable but have to change over time to fit changed circumstances. The consistency of policies have to be considered when introducing or altering programs. Any government should be aware of which kind of policies to pursue and why.

Today, there seem to be no specific housing policies nor general policy guidelines to follow. Yet they can be developed, based on the recognition of the kinds of policy issues and the choices available.

Any given housing program can be readily identified with the policies it serves: whether it is primarily helping to solve a basic problem or is concentrating on meeting an urgent need (that may or may not require permanent attention); whether it is a program that has to be funded or one where the rules and procedures need changing; whether the financial assistance is handed to the building

and development industry or to the owners and tenants; and whether the assistance comes directly in the form of payments (to the producer or consumer) or indirectly as an inducement through changed taxation regulations.

Numerous housing and housing-related programs are in operation; some like urban renewal, have been stopped; others may start as a result of NHA amendments; still others, tried and untried, are being considered.

No one program offers the solution. Programs are tools to be used singly or in combination to do specific jobs. Some are needed for a short time, others more permanently.

Each program concept can be variously structured to fit the time and the circumstance. But it is important to understand and be aware of the nature and purpose of individual programs so that the appropriate mix can be achieved.

The chart on the next few pages gives an overview of program types with brief explanations of the main objectives of the programs, their specific purpose, and an indication of whether the programs require financing by the Government or whether administrative actions only are needed to implement the changes. Again, the comments and explanations in the table are illustrative and would require elaboration for a comprehensive housing program design.

PRELIMINARY HOUSING PROGRAM ANALYSIS

PROGRAM	MAIN PROGRAM OBJECTIVE	PROGRAM IMPLICATIONS	SPECIFIC PURPOSE			COMMENT
			1	2	3	
<u>MORTGAGE MONEY</u>						
Supply		X		X	X	Make mortgage money readily available everywhere in Ontario.
Interest Subsidy		X	X	X		To lower cost of housing to homeowners and/or builders.
<u>LOAN ASSISTANCE</u>						
Increase Loan Coverage			X	X		Assist homeownership for low- and moderate-income people.
Direct Capital Grant				X	X	Assist homeownership for low-income families.
<u>ASSISTANCE TO OCCUPANTS</u>						
Rent Supplement or Housing Certificate				X	X	To provide standard housing for low-income persons in dispersed locations.

✓ 1. To meet Physical Housing Need
 2. To meet General Financial Housing Need
 3. To meet Special Financial Housing Need

✓ = Program with financial implications
 F = Program with financial implications, but self-supporting or income producing

A = Administrative action only

PROGRAM	MAIN PROGRAM OBJECTIVE	PROGRAM IMPLICATIONS			SPECIFIC PURPOSE	COMMENT		
		1	2	3	F	F _S	A	
<u>ASSISTANCE TO BUILDER/DEVELOPER</u>								
Mortgage Lending		X	X	X				To reduce development costs in exchange for guarantee of proportion of units for publicly-subsidized tenants.
<u>ASSISTANCE TO MUNICIPALITY</u>								
Grants and/or Loans			X					Categorical or general loans and grants to growing municipalities to help provide services, schools etc.
Incentives for Housing			X					
<u>INCOME MAINTENANCE</u>								
Housing Allocation			X					To provide those in need with sufficient funds to pay for housing at market rates or to adjust welfare payments for public housing tenants.
Straight Income Maintenance			X					To assure a minimum income and allow low-income people to decide for themselves how much they want to spend on housing.
<u>PUBLICLY-BUILT HOUSING</u>								
For Low-Income People			X		X			To make standard housing available to low-income families.

PROGRAM	MAIN PROGRAM OBJECTIVE			PROGRAM IMPLICATIONS			SPECIFIC PURPOSE	COMMENT
	1	2	3	F	Fs	A		
PUBLICLY-BUILT HOUSING (cont.)								
For Others	X	X					To increase housing supply generally and restrain housing cost increases.	
<u>IMPROVING HOUSING STOCK</u>								
Rehabilitation			X				To maintain, upgrade housing stock, either with financial assistance and/or through code enforcement.	
<u>CHANGE IN STANDARDS</u>								
Minimum Housing Standards	X	X					X	To reduce cost of housing.
Land Development Standards	X	X					X	To reduce cost of housing.
Permit Mobile Homes		X					X	To make lower-cost housing available.
<u>LAND FOR HOUSING</u>								
Servicing of Land	X	X	X					To provide enough land for housing and reduce land costs.

PROGRAM	MAIN PROGRAM OBJECTIVE			PROGRAM IMPLICATIONS			SPECIFIC PURPOSE	COMMENT
	1	2	3	F	F _S	A		
<u>LAND FOR HOUSING (cont.)</u>								
Ease Administration of Planning and Zoning	X	X		X	X		To speed approval process, and to provide for compatibility of public development policies.	
Public Land Assembly	X	X	X				To provide land for housing to support provincial housing policies -- low-income housing, leased lots, new community development, etc.	
Leasing Public Land			X		X		To help moderate- and middle-income families to buy homes, and to reduce land costs.	
<u>TAXATION</u>								
Land Taxation Variations			X		X		To prevent hoarding of land that is ripe for development.	
Reducing Property Taxation	X				X		To reduce cost of homeownership and of rents.	
<u>CONTROLS</u>								
Rent	X	X		X	X		To prevent high rents in times of housing shortages.	A short term measure; extended rent control leads to restricted supply.

PROGRAM	MAIN PROGRAM OBJECTIVE	PROGRAM IMPLICATIONS			SPECIFIC PURPOSE			COMMENT
		1	2	3	F	F _s	A	
CONTROLS (cont.)								
Land Prices		X	X			X		To prevent high land costs.
Building Price			X	X		X		To prevent high housing costs.
INFORMATION, INNOVATION, AND RESEARCH								
Information				X				To allow housing market to function more effectively, to measure need and help in setting housing targets.
Innovation, Research		X	X			X		To improve housing design and quality, reduce construction costs, improve housing environment.

4. ASSUMPTIONS AND PROGRAM GUIDELINES

Assumptions about Government Responsibility

Because the Government of Ontario has assigned priority to housing as a current major concern, the following assumptions are made about Government decisions.

- The Government of Ontario will
 - 1) Direct the production of housing (by setting housing targets and through regional planning);
 - 2) Assist the production of housing in the province.
- The Government of Ontario will use the direction and assistance of housing production as an instrument for implementing social and regional development policies.
- No decision will be made in the immediate future on the question of moving generally from housing assistance to a complete system of income maintenance.
- Public housing will continue as part of the Government's housing policy for some low-income families and persons.
- Other forms of housing assistance for low-income families now in operation will be extended.
- Direct and indirect housing assistance for moderate- and middle-income families will continue and may be extended depending on need.

- The following type of public measures will be used as appropriate and in combination.
 - 1) Public land servicing will be principally used to increase the supply of buildable land, to stabilize and, if possible, reduce land prices.
 - 2) Public land assembly will be employed to:
 - Help provide future housing land in accordance with Provincial development policies on a selective basis.
 - Supply land for public uses in connection with residential development.
 - Supply land for low-income housing.
 - Supply land for leased lots and similar programs geared to moderate-income households.
 - Supply land for new community development.
 - Supply land capable of being used to influence land market.
 - Supply land for municipal purposes.
 - 3) Land planning and development control procedures will be integrated with land servicing and land assembly programs.

Program Guidelines

Housing objectives demand a broad action approach. At any given time the selection and balancing of programs should be concerned with:

- Joint programs of supply-expansion and demand-support.
- A mix of programs to contain: new construction-oriented programs; programs for more effective use of the existing stock; and programs to maintain the existing stock.
- Support for new housing geared to the low, moderate and middle-income levels.
- Support for ownership housing for the moderate and middle-income market.

- Support for rental accommodation geared to the low-income market.
- Achievement of suitable distribution of assisted housing, province-wide and locally.
- Short-term programs should achieve specific results.
- Long-term programs should work towards, or maintain, a balance in each of the housing market areas between population change and the housing stock.

ONTARIO ADVISORY TASK FORCE ON HOUSING POLICY

Working Paper B

HOUSING SUPPLY

June 1973

Ontario Advisory Task Force on Housing Policy

WORKING PAPER B

HOUSING SUPPLY

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1. THE HOUSING MARKET: DEMAND, SUPPLY AND COST

The adequacy of the housing market is judged by its ability to respond to the demands made on it; that is, by the degree to which it is able to provide individuals and families with the type of housing they seek, at a cost they can afford to pay.

There are no absolute standards of adequacy. They vary from society to society and from one period to another. Consequently, any analysis of the housing situation in a particular geographic location will be influenced by the housing standards and social attitudes that prevail in that location.

This analysis of the demand, supply and cost of housing in Ontario rests on a number of assumptions about the role that housing is expected to play in our society. These include, for example, the assumption that all people, regardless of income, should have housing that conforms to prevailing standards of adequacy; that they should not have to deprive themselves of other basic necessities (such as food, clothing, heat, and medical care) to pay for that housing; and that home ownership is a widely-held goal that exerts a strong influence on peoples' level of satisfaction with the housing situation.

DEMAND

According to a number of indices of housing performance (provision of basic equipment, occupation density, and average number of persons and rooms per dwelling), Canada ranks at or near the top of all developed nations in the condition

and size of its housing supply. ^{1*} In other words, Canadians fare well compared with people of other nations in the type of accommodation available to them.

Nevertheless, there is widespread agreement that the housing market in Ontario, especially in or near large urban centres, is failing to respond effectively to consumer demand. And this is largely because consumer expectations exceed the general standards of adequacy which form the basis for inter-societal comparisons.

So consumer expectations are an important element of consumer demand. At the same time, they are particularly difficult to measure and assess. It is probably inaccurate to assume, for example, that consumer expectations can be extrapolated from current statistics on housing use, unless the housing market is providing a complete range of alternative types of housing for all income groups.

Consumer expectations are partly attributable to widely accepted values about desirable life styles. They are also affected by demographic trends and by factors that influence the ability to pay for housing.

Population growth

One of the most obvious forces exerting pressure on the housing market has been population growth, particularly in urban centres. The years between 1961 and 1971 were years of rapid urbanization in Ontario, with rural and small town population declining from 23 percent to less than 18 percent of total population, while the urban population increased from 77 percent to 82 percent. Some of the larger urban centres experienced extraordinary growth. Toronto, Ottawa and Kitchener, for example, expanded by 15 to 20 percent in each five-year period between 1961 and 1971; other centres grew by 10 to 15 percent.

*Reference notes at end of each section

TABLE I
RATE OF POPULATION GROWTH IN CITIES

	1961-66 % increase	1966-71 % increase
TORONTO	18.3	14.8
OTTAWA	15.5	13.8
HAMILTON	13.6	8.9
WINDSOR	9.5	8.5
LONDON	14.4	12.7
KITCHENER	24.2	18.0
SUDBURY	5.7	13.7
THUNDER BAY	6.7	3.8
ST. CATHARINES	14.5	13.0
SAULT STE. MARIE	14.8	7.6
KINGSTON	12.8	4.5
PETERBOROUGH	8.1	3.7
SARNIA	8.8	5.6
GUELPH	16.3	16.7
OSHAWA	23.9	13.0
TIMMINS	-0.8	-1.8
URBAN ONTARIO	16.0	13.4

Source: Statistics Canada Census Data

Population Characteristics

In addition to reflecting changes in the size of population, the demand for housing also reflects changes in population characteristics. For example, the number of households (and the demand for housing units) has been increasing even faster than the population.

Several trends account for this. One has been undoubling, or a decline in the number of families occupying the same dwelling units. Between 1961 and 1971 the number of dwelling units with two or more families decreased from 76,000 to 52,000 or by 32 percent.

A second factor has been an increase in the number of non-family households. From 1961 to 1971, the proportion of unattached individuals occupying separate dwelling units increased from 13 percent to 18 percent of the total population.

A Third factor was an increase in the rate of new family formation. In the 1961 to 1971 period, the Canadian population between the ages of 20 and 24 increased by 700,000 to a total 1.9 million or almost 10 percent of the total Canadian population. (By contrast, the 25 to 34 age group increased by only 2,300 to 2.5 million). This sharp jump in the young adult population, a result of the post-war "baby-boom", contributed to an increased rate of marriage and family formation.

All three factors: undoubling, the increased rate of household formation by unattached individuals, and the increase in the rate of family formation, help to explain increases in housing demand, particularly for single-person and small-family dwellings. They also help to explain why there is a demand for new housing even in communities that are experiencing a period of population stability or decline.

Family Income

During the last ten years, the average income of all Ontario families increased by about 96 percent, while the cost of living increased by only 30 percent.³ Income increases have occurred more rapidly in urban than in non-urban areas and have benefited families more than individuals. Many Ontario families are now able to devote a greater proportion of their incomes to housing than they were in 1961.

Equity Value of Ownership

Some of the demand for housing stems from the perception of home purchase as a sound investment. According to one study,

On the basis of historical rates of property appreciation around Ontario and the existing tax laws, investment in property for personal use offers a very attractive opportunity....Considering the difference between the cost of renting a three-bedroom apartment and the monthly cost of owning a new house in 1971, ownership is by far the more attractive alternative....

A homeowner can look forward to a long-term rate of return of better than 7 1/2 percent after taxes. This compares favourably with any other long-term investment of equivalent risk. For example, Canada Savings Bonds yield six to seven percent, corporate bonds about eight percent, and high quality stocks about nine percent, while a savings account yields four percent or less -- all before taxes.

Recent federal tax legislation which established capital gain taxes but exempts the family home from this tax is thought to have increased the attractiveness of home purchase from the investment standpoint.

Recent newspaper articles reporting on interviews with purchaser of homes, confirm that some people have realized this opportunity and are purchasing homes at market prices that previously would have been considered beyond their reach at their relative income levels. The individual homeowner is thus speculating that price increases will continue and investing accordingly. 5

Panic Buying

Rapidly rising house costs, particularly in large urban centres, appears to have induced a certain amount of "panic buying" among people who believe that continued price increases will eventually put homeownership completely beyond their reach.

SUPPLY

Characteristics of the Housing Market

The supply of housing is affected to a large extent by the availability of serviced land, by the municipal financial situation (both the local tax picture and the prevailing system of provincial grants to municipalities); by municipal and provincial regulations governing subdivision approval and by the length of time required for production. These factors are discussed at length in the Task Force Working Paper, Land for Housing.

The supply of housing is also sensitive to the cost of money. In periods of tight money, developers postpone the execution of their plans, anticipating that families will be less able to borrow, and that they themselves will not be able to raise money at profitable or attractive rates.

Most residential accommodation in Ontario is supplied by private development interests. For that reason, the type of accommodation available is more likely to be a response to profit-making considerations than to the shelter requirements of various income groups.

Nevertheless, spokesmen for the private development industry claim that the private sector would be able to supply most housing needs in the Province if it were allowed to operate freely.⁶ It is their contention that government controls prevent developers from responding to rising demand in a normal way by limiting the availability of serviced land and by slowing down the pace of new construction. These controls thereby force up the cost of housing while preventing additions to the existing supply.

There appears to be considerable truth to these arguments. Yet they fail to address the question of whether, even under completely free and flexible market conditions, the private sector can supply housing within the reach of all potential consumers, including those in the lowest-income brackets.

General Trends in the Supply of Housing

There is little available data on which to base a comparison of present housing conditions with those of ten years ago. Indications are, however, that there have been positive improvements in the supply. Physical production of housing has outpaced basic need. Since 1961, 623,000 new dwelling units were added to the housing stock, while the number of new families rose by only 506,000.

Further indications of improvement are seen in the amount of undoubling and the incidence of crowding. In 1961, about 5.3 percent of family households consisted of more than one family, whereas by 1971 the proportion had declined to 2.9 percent. This is also reflected in the average number of persons per occupied dwelling, which declined from 3.7 to 3.4 by 1971.⁷

But improvements have not occurred uniformly throughout the province. For one thing, the response of supply to need has varied. The Barnard study of 12 cities found, for example, that in St. Catharines the number of new units constructed was almost three times the number of new families formed, whereas in Brantford, Sudbury and Windsor, less than one unit was built for each additional family. (Table II.)

TABLE II
WIDE RANGE IN GROWTH OF SUPPLY COMPARED TO NEED

1961 - 1971

	INCREASE IN NO. OF FAMILIES	DWELLING COMPLETIONS	RATIO OF COMPLETIONS TO NEW FAMILIES
ONTARIO	505,692	623,398	1.23
TORONTO	186,160	259,560	1.39
OTTAWA/HULL	43,679	60,250	1.38
HAMILTON	26,193	42,670	1.63
WINDSOR	14,908	13,294	.89
LONDON	26,533	25,758	.97
KITCHENER	18,081	27,877	1.54
SUDBURY	11,093	9,706	.87
THUNDER BAY	--	5,743	--
ST. CATHARINES	3,943	10,640	2.70
SAULT STE. MARIE	5,021	4,982	.99
KINGSTON	6,243	7,681	1.23
PETERBOROUGH	3,477	3,423	.98
SARNIA	4,471	5,009	1.12
GUELPH	5,046	7,210	1.43
BRANTFORD	5,560	4,577	.82

Sources: 1. Statistics Canada Census data
2. CMHC Housing State, 1971

As well, the rates of decrease in occupancy (persons per dwelling) has also varied, ranging from a high of 15.4 percent to a low of 4.9 percent in the major cities. Variations in the change in doubling were even greater, ranging from a decrease of 42 percent (Hamilton) to an actual increase of 35 percent (Sudbury). (See Table III.)

TABLE III
IMPROVEMENTS HAVE NOT BEEN UNIFORM

	PERSONS PER HOUSEHOLD		DOUBLING	
	1971 No.	% Decrease 1961-71	1971 *No.	% Change 1961-71
TORONTO	3.33	-10.9%	4.5%	- 33%
OTTAWA	3.33	-15.4	1.9	- 29
HAMILTON	3.35	- 8.2	2.6	- 42
WINDSOR	3.4	- 5.6	2.4	+ 1
LONDON	3.18	- 5.9	1.6	- 17
KITCHENER	3.35	- 8.3	1.8	- 31
SUDBURY	3.87	- 4.9	2.7	+ 35
THUNDER BAY	3.50	- 6.2	2.1	--
ST. CATHARINES	3.30	- 6.8	1.7	- 25
SAULT STE. MARIE	3.71	- 5.8	2.6	- 18
KINGSTON	3.26	- 9.7	2.1	- 11
PETERBOROUGH	3.30	- 9.1	1.6	- 38

Source: Statistics Canada

*Number of multiple family households as % of all family households.

One of the most significant trends in housing supply in the last decade has been a shift from construction of single-family homes to construction of multiple-unit dwellings, particularly in the larger centres.

Apartments constituted 68 percent of all housing starts in Metropolitan Toronto in the 1966 to 1971 period, and more than 40 percent of all starts in Brantford, Guelph, Hamilton, Kingston, Kitchener-Waterloo, London, Ottawa and Sarnia. Yet there are signs that this trend may be changing, however. Ontario was the only province in Canada to experience an increase in multiple starts in 1972. Even so, it shared in a general national upsurge in construction of single-family units.⁸

Two explanations may account for the apparent shift in emphasis. One is that apartment construction was stimulated by the large number of young people (either single, or married without children) who entered the housing market in the 1960's. These same people have now begun to raise families and are beginning to demand family accommodation.

There has also been growing opposition in many centres to multiple-dwelling types, particularly high rise apartment buildings. This opposition has produced increased uncertainty and increased cost for apartment developers, and has led many of them to turn their attention to less controversial or more profitable activities.

Previously discussed trends in housing demand (the breaking up of multiple-family households into smaller units, the increase in the number of unattached individuals forming separate households, and the increase in the number of young families) suggested that the greatest demand for housing is for relatively small units.

At the present time, evidence to support this suggestion is inadequate. The Barnard study attempted to estimate specific housing shortages by relating family size to existing accommodation, using minimum occupancy standards similar to those used by OHC for allocating public housing.⁹

On the basis of their analysis, they concluded that there were varying degrees of shortage of one- and two-bedroom dwellings; that is, of accommodation for small families.

This method of estimating specific housing demand has a number of shortcomings. It equates housing demand with a simple definition of housing need based on the number of persons per family and the sex distribution of children. It does not take account of specific circumstances that are likely to lead small families and even individuals to seek more than minimum accommodation: higher income, professional or recreational requirements; variations in the age, sex and relationships of adults in different households (for example, the presence of an elderly relative).

So at the present time, information on the characteristics of consumer demand is too unreliable to permit identifying specific housing needs and shortages.

COST

Homeownership

According to data accumulated by the Urban Development Institute, the cities of Toronto, Hamilton and Ottawa have the highest prices for new detached homes of all major cities in North America.¹⁰ The same study maintains that house prices have risen by larger increments over the past decade in Ontario cities than in any other metropolitan area on this continent.

NHA statistics on home prices show that price increases on new and resale homes varied from 51 percent to 134 percent between 1961 and 1971, with an overall increase of approximately 85 percent.

The Urban Development Institute maintains that increases were even higher than NHA statistics suggest, at least for Toronto, because a \$25,000 mortgage limit makes NHA financing unavailable to most buyers in the Toronto market. On the basis of a survey of sale prices in the three outer boroughs of Metropolitan Toronto, UDI has calculated the average price of a new detached home in the area to be around \$42,000.¹¹

Since 1971, the purchase price of homes has increased at a much faster rate than in the previous decade. For example, the average house price in Toronto in 1970 was \$30,141. By 1971, it rose to \$31,822, and rose again to \$33,620 in the first nine months of 1972. In the first three months of 1973,

it had soared to \$39,092, a 19 percent change over the same period in the previous year.

As Table IV indicates, prices have risen more rapidly in Toronto than in other Ontario cities, but most large cities in the province have experienced home price increases in excess of the national average.

TABLE IV

AVERAGE PRICE OF PROPERTIES SOLD

	1970	1971	1972	1973	% Increase
			9 months	3 months	3 months 1972 compared with 3 months 1973
CANADA	\$23,439	\$23,695	\$26,128	\$28,859	9%
ONTARIO	25,773	26,685	28,517	32,380	14
TORONTO	30,141	31,822	33,620	39,092	19
OTTAWA	26,890	21,485	25,516	29,331	8*
HAMILTON	24,368	24,757	27,079	31,140	15
LONDON & ST. THOMAS	18,386	20,347	22,710	23,965	10
KITCHENER	28,389	30,813	28,982	33,782	16
WINDSOR	21,739	21,809	22,416	23,120	10
VANCOUVER	24,239	26,471	20,658	36,712	24
CALGARY	22,771	23,449	25,006	27,884	17
HALIFAX	23,228	23,904	24,251	24,263	0

*Irregular reporting

Source: Canadian Real Estate Association

Several factors account for the rapid increase in home ownership costs in the last decade. The most important of these are increases in the price of land, money, labour, and materials. A survey of price changes in 12 Ontario cities found increases in land cost to be the largest single contributer to changes in the price of new homes.
(See Table V)

TABLE V
COST COMPONENTS OF NEW HOMES

	<u>Component as % of 1971 New Home Price</u>			<u>%Change in \$ Size of Component 1961-1971</u>		
	Land	Labour	Materials	Land	Labour	Materials
TORONTO	38	29	34	139	100	45
OTTAWA/HULL	22	36	42	110	106	45
HAMILTON	37	25	38	177	60	45
WINDSOR	22	40	38	227	158	45
LONDON	25	32	43	144	77	45
KITCHENER	28	30	42	278	67	45
SUDBURY	24	34	42	341	95	45
THUNDER BAY	25	30	45	160	86	45
ST. CATHARINES	27	32	41	202	87	45
SAULT STE. MARIE	18	32	50	61	54	45
KINGSTON	25	31	44	268	67	45
PETERBOROUGH	21	33	46	278	71	45

Source: Peter Barnard Associates

Increases in labour costs have also been significant in some areas.

In Windsor, for example, the labour component of the cost of a new home increased 158 percent in the ten years, and was responsible for 38 percent (or about \$53) of the \$140 per month increase in monthly ownership cost. In Sudbury, another city where labour costs had a significant impact, a 95 percent increase in the labour content of the average new home accounted for 23 percent (or about \$31) of the \$134 increase in average monthly ownership cost.¹²

Increases have been even more rapid since 1971. According to federal construction statistics, total construction costs in Ontario were 18 percent higher in February, 1973 than they were in 1971. The cost of materials had increased by 17.3 percent, the cost of labour by 19.4 percent.

The cost of home financing has also risen. Between 1961 and 1970 interest rates increased from 7 percent to 10 percent adding at least 20 percent to monthly ownership costs.¹³ Although interest rates fell slightly in 1971 and 1972, they are again on the rise and may soon reach or exceed the 1970 level.

Rental Accommodation

In most areas of the province, rents have not increased as rapidly as ownership costs. (See Table VII). In Toronto, rent increases between 1961 and 1971 have amounted to approximately 60 percent, while ownership costs increased by 100 percent.¹⁴ The rapid increase in the supply of rental units as a result of apartment house construction during the past decade is probably the major reason why rents have remained relatively stable in comparison to ownership costs.

This situation is changing, for at least two main reasons. In those areas where neighbourhood opposition has been effective, delays and legal costs are adding to the costs of apartment construction. It is also claimed by the apartment industry, particularly in the larger centres, that present rent levels are insufficient to meet the sharply rising

Costs of construction. Many development companies appear to be abandoning, or are considering abandoning, the attempt to build apartments in urban centres, and are concentrating instead on row housing or other more profitable housing types. The slowing down or actual stoppage of apartment construction

TABLE VI

CHANGES IN RENTS AND MONTHLY OWNERSHIP COSTS
1961 - 1971

	Rents	% Increase	Ownership Costs*
TORONTO	60%		100%
OTTAWA/HULL	157		90
HAMILTON	--		100
WINDSOR	22		110
LONDON	41		91
KITCHENER	52		97
SUDBURY	77		103
THUNDER BAY	79		83
ST. CATHARINES	41		98
SAULT STE. MARIE	81		66
KINGSTON	--		100
PETERBOROUGH	--		87

*Includes mortgage payments, realty taxes, insurance, heating, maintenance.

--Insufficient data available

Source: Peter Barnard Associates

is likely to produce a shortage of rental units in the next year or two, and it is likely that rents will begin to increase sharply because of both the cost factors and the shortage.

INCOMES AND THE COST OF SHELTER

Evidence relating the cost of shelter to ability to pay is not consistent. Barnard found that family incomes in Ontario have increased relative to the cost of living, and concluded that the average family in Ontario could afford to pay more for housing in 1971 than in 1961.¹⁵

Using a somewhat different approach, he maintained that while rental costs increased by 60 percent and home ownership costs increased by 100 percent between 1961 and 1971, average discretionary income (that is, amount of income remaining after the family has paid taxes and acquired the basic necessities) increased by 120 percent.

On the other hand, the Urban Development Institute, in a study confined to Metropolitan Toronto, found that from 1961 to 1971 homeownership costs increased by 120 percent (using NHA figures), or 215 percent (using data based on real estate transactions), while average weekly earnings increased by only 78 percent.¹⁶

Clearly, there is a need for a generally accepted method of relating income to housing costs, taking into account total family income, not just income of head of household. (In communities where housing costs are high--Oakville is an example--it has been found that most homes are purchased by families with two wage-earners.)

In its analysis of housing costs in relation of ability to pay, the Barnard study proposed the concept of discretionary income as a way of taking account of differences in the situations of families earning the same income.

Ability to pay for accommodation has typically been determined on the basis of a maximum rent/income ratio, the rule of thumb being that a family can afford to pay 27 percent of its gross income for accommodation. This simple rule is not appropriate because it fails to reflect the wide variations in discretionary income among families of different sizes and characteristics.... For example, a particular gross income leaves much

less discretionary income for a couple with a large family than for a childless couple even though income after taxes may be higher.¹⁷

From a survey across the province, the investigators concluded that the cost of basic necessities, excluding housing, is constant throughout Ontario. They then calculated, on the basis of average-income statistics for the 12 largest Ontario cities, the proportion of families unable to afford the basic necessities, including housing, as well as the proportion of families unable to afford basic necessities and buy minimum housing.

The results, summarized in Table VII, indicate that throughout the province, between a quarter and a third of all families are unable to afford basic necessities and minimum housing.

A different way of looking at the same problem is to calculate the proportion of total income paid for housing by families in different income groups. An analysis based on unpublished data from the 1969 Family Expenditures Survey found that the lower the family income, the larger the proportion spent on shelter.

Among families earning less than \$3,000 per year, nearly 37 percent paid more than 40 percent of their income on shelter. (Table VIII) Close to a third of all families earning \$6,000 or less per year spent between 25 and 40 percent of their incomes on shelter. Obviously, the cost of housing imposes an exceedingly heavy burden on families in the lower-income categories.

The same statistics broken down for different types of residents (homeowners with mortgages, homeowners without mortgages, and tenants) show that only those homeowners with mortgages who earn over \$12,000 spent less than 25 percent of their income on shelter. (See Appendix, p.xx) Just less than half (45.6 percent) of those earning \$8,000 to \$12,000 spent over 25 percent).

It seems that at that time (1969) homeownership was barely accessible to those earning from \$6,000 to \$8,000, accessible but "expensive" for those earning \$8,000 to \$12,000, and accessible and reasonable for those earning over \$12,000.

TABLE VII

FAMILY WITHOUT READY ACCESS TO THE HOUSING MARKET

	% Unable to Afford Basics					% Unable to Afford Basics + Buy Minimum Housing					
	Family Size					All Fami- lies	Family Size				
	2	3	4	5+			2	3	4	5+	
<u>MAJOR METRO</u>											
TORONTO	12	9	9	11	11	31	28	26	34	30	
OTTAWA	12	9	9	11	10	30	28	26	33	29	
<u>OTHER LARGE METRO</u>											
HAMILTON	11	13	7	9	10	29	27	22	25	26	
WINDSOR	10	12	6	9	9	28	27	20	24	25	
LONDON	13	14	8	11	12	29	28	23	29	27	
KITCHENER	14	15	8	12	12	29	28	25	33	29	
SUDBURY	11	12	6	8	9	25	25	17	22	22	
THUNDER BAY	15	15	9	13	13	32	29	29	41	33	
St. CATHERINES	13	14	8	11	12	29	28	24	30	28	
<u>MINOR METRO</u>											
SAULT											
STE. MARIE	12	8	8	13	10	20	20	16	30	22	
KINGSTON	17	9	8	15	13	22	25	20	39	27	
PETERBOROUGH	16	8	8	15	12	21	24	18	36	24	

Source: Peter Barnard Associates, Table B.7

TABLE VIII

SHELTER RATIOS, 1969

Family Income	Family Shelter Expenditure		
	Less than 25 % of income	25 - 40% spent on shelter	Over 40%
Less than \$3,000	100%	34.7%	28.3%
\$3,000 - \$6,000	100	60.1	31.4
\$6,000 - \$8,000	100	81.0	16.1
\$8,000 - \$12,000	100	92.1	7.9
\$12,000+	100	100.0	----

Source: Statistics Canada, Family Expenditure Survey, 1969
unpublished data.

Rent takes a disproportionate amount from those earning less than \$8,000, especially from those earning less than \$6,000 who are not able to get into public housing.

NON-URBAN HOUSING

While Ontario's urban population has been increasing steadily, approximately 40 percent of the province's households are still located in small towns and rural areas. Housing in these areas, when compared with the urban picture, is on a smaller scale, at a lower density, and is often widely scattered. Yet housing in non-urban areas can be as much or more of a problem than it is in cities. In many rural areas and small communities, development of the whole spectrum of housing--ranging from family homes to accommodation for the

elderly, the poor, and the permanent and transient single population--has come to a halt.

The housing problems are particularly acute in the small, single-industry communities of northern Ontario. Here housing is often scarce and expensive. Rents are comparable to those in Toronto. High rents, together with a shortage of housing, lead to doubling up. The creation of industry in an area where there is a lack of housing may also force the new population into nearby towns which they turn into bedroom communities, making heavy demands on education and other services without providing the tax revenue to pay for them.

Housing shortages in small communities usually produce overcrowded living conditions, and measures of this are available from the 1971 Census. "Crowding" is not an absolute term, and all residents do not necessarily suffer equally under similar conditions. Nevertheless, the data reveal that the eastern and two northern regions of the province have a higher percentage (10 to 20 percent) of over-occupied dwellings than the other two regions of the province.

There are also significant regional differences between renters and owners in terms of overcrowding. In the two northern Ontario regions, renters are not living in quite as crowded conditions as are owners--a picture which is reversed in all other regions. The proportion of renters is also much higher (often more than 50 percent) in the two northern regions.

In the Central Ontario Region, the most overcrowded conditions appear in cottage areas (Muskoka, Haliburton), where seven to 10 percent of the permanent residents live in overcrowded dwellings.

The farm housing situation is particularly acute in many areas. Many farmers are living at or below poverty levels; many farm houses are in poor condition, and there is little accesss to money for home improvement or replacement.

Several factors account for the housing problems of small and remote communities. The most important of these is a shortage of serviced land and serviceable land. In some northern communities, one or two developers have a monopoly of the serviced land that does exist. Services are often

difficult to finance, especially if municipalities are unorganized. In single-industry communities, there is a general reluctance on the part of developers, employees, employers and government to invest heavily in services, because the life-span of such communities is usually short.

The population of small towns and rural areas is usually relatively scattered, often making the provision of piped services difficult and economically unfeasible. In northern communities a rough and rocky terrain may add to these difficulties. At the same time, stringent Provincial serving standards make little allowance for the use of septic tanks or other service alternatives on a short-term basis.

To overcome some of these difficulties, a review of service requirements for rural areas to allow for non-urban standards should be undertaken. In particular, the use of septic tanks and other short-term measures to increase the supply of rural housing may have to be considered in specific locations.

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SHELTER RATIOS: HOMEOWNERS WITH MORTGAGES
ONTARIO 1969

TABLE 1

Income	No. of Families	% of Total Families	Distribution of Families % Income Spent on Shelter					
			-25		25 - 40		41 - 50	
	No.	%	No.	%	No.	%	No.	%
-3,000	8,600	1.3	600	7.0	1,600	18.8	2,700	31.7
3 - 5,999	51,600	7.8	15,900	30.8	25,200	48.8	8,100	15.7
6 - 7,999	92,200	14.2	67,000	73.2	13,800	15.0	5,700	6.2
8 - 11,999	241,100	37.2	131,200	54.4	90,500	37.5	19,400	8.1
12,000+	256,900	39.5	256,900	100	--	--	--	--
	650,400	100.0	472,100	72.6	131,100	20.2	35,900	8.5
							11,300	1.7

Source: Statistics Canada, Family Expenditure Survey, 1969, unpublished data.

Note: The definition of homeowner in Tables 3 and 4 excludes homeowners who changed their tenure class during the survey year.

SHELTER RATIOS: HOMEOWNERS WITHOUT MORTGAGES
ONTARIO 1969

TABLE 2

Income	Distribution of Families % Income Spent on Shelter							
	-25		25 - 40		41 - 50		50+	
No. of Families	% of Total Families	No.	%	No.	%	No.	%	
-3,000	147,700	23.5	46,800	31.7	55,600	37.7	20,400	19.2
3 - 5,999	129,700	20.7	101,600	78.3	24,400	18.8	3,700	2.9
6 - 7,999	87,300	13.9	83,100	95.2	2,000	2.3	2,200	2.5
8 - 11,999	156,200	24.9	148,300	94.9	7,900	5.1	--	--
12,000+	106,200	17.0	106,200	100.0	--	--	--	--
	627,100	100.0	486,000	77.5	89,900	14.3	34,300	5.5
							16,900	2.7

Source: Statistics Canada, Family Expenditure Survey, 1969, unpublished data.

TABLE 3

SHELTER RATIOS: TENANTS*
ONTARIO 1969

Distribution of Families
% Income Spent on Shelter

Income	No. of Families	% of Total Families	Distribution of Families % Income Spent on Shelter					
			-25		25 - 40		41 - 50	
			No.	%	No.	%	No.	%
-3,000	77,400	12.1	9,200	11.9	19,400	25.1	21,700	28.0
3 - 5,999	147,000	22.9	90,000	61.2	45,000	30.6	12,000	8.2
6 - 7,999	128,300	20.1	95,900	74.7	30,100	23.5	2,300	1.8
8 - 11,999	156,300	24.5	145,900	93.3	10,400	6.7	--	--
12,00+	130,700	20.4	130,700	100.0	--	--	--	--
	639,700	100.0	471,700	73.7	104,900	16.4	36,000	5.6
							27,100	4.3

Source: Statistics Canada, Family Expenditure Survey, 1969, unpublished data.

*excludes roomers and boarders.

2. THE HOUSING CONSUMER

RESIDENTIAL MORTGAGES

There are two fundamental problems associated with the financing of residential accommodation: one having to do with the supply of money, the other with its distribution. Federal actions to control general economic fluctuations caused mortgage interest rates to rise from approximately seven percent to approximately 10 percent between 1961 and 1970. Although interest rates fell slightly in 1971 and 1972, they are again rising. Interest rate increases add to the cost of housing, and make home purchase more difficult or impossible for some potential buyers. They also add to development costs and thus eventually contribute to higher rents.

Even those who can afford monthly carrying charges on mortgages may be prevented from buying a home by restrictions on the size of first mortgage loans (most lending institutions will not lend more than 75 percent of property value) and by the difficulty and high cost of securing second mortgages.

A related and important problem is the way capital is distributed among various forms and locations of residential construction. Provincial and Federal government regulations that affect the distribution of capital indirectly help to determine which groups of people will benefit and which will suffer from residential financing policies.

Thus, for example, it is more difficult to secure mortgage financing in new, small, or remote communities, particularly single industry towns (which are thought to be both temporary and financially unstable), than in older, more established and larger centres. It is also harder to get mortgage financing for old housing than for new housing.

Current Government Activity : Federal

Federal legislation as amended in 1968 was designed to provide adequate financing for new residential construction through CMHC, but also to provide employment.

Monies available for residential construction through the National Housing Act have almost exclusively furthered new construction in suburban areas.

Conventional lending institutions, through which most of these Federal funds are channelled, have found it much more convenient and attractive to operate in large centres, even though the original NHA legislation (prior to the 1968 amendment) gave an advantage to smaller centres by setting ceilings on costs of units.

New Federal legislation, the Residential Mortgage Finance Act, addresses itself to the problem of channelling untapped sources of capital into the private housing market that caters to middle- and upper-income families. Its purpose is to make the private market self-supporting, thus allowing the Federal Government to use its resources to provide for the housing needs of low-income groups and otherwise underprivileged sections of society. (This latter purpose is supported by other amendments to the National Housing Act.)

The new legislation raises two questions that need to be considered: Will the mechanisms for accomplishing its objectives work? If not, what should the Provincial Government do to improve the situation?

The small saver and certain types of institutional investors cannot readily invest in residential mortgages under the present legislation and market conditions. Wage earners and small savers with money could invest in housing if mortgage financing were as flexible as investment in stocks and bonds. But mortgages cannot be conveniently split up into small deposits or "packages" corresponding to the saving habits of these individuals.

Another problem for both potential small investors and some institutional investors is the lack of liquidity of mortgage investments. Pension funds, credit unions and similar financing institutions would invest in mortgages if there was a secondary market in which they could sell mortgage for cash, or borrow money against them as security at short notice.

The Residential Mortgage Finance Act is an attempt to solve these two problems and will be effective in raising additional capital for residential financing to the extent that the above diagnosis of the situation is accurate.

The Act envisages the creation of two new institutions. The first of these, the Residential Mortgage Market Corporation, is a Crown Corporation responsible to the Minister of Finance. It will buy and sell residential mortgages and make loans to private mortgage institutions on residential mortgages, for terms of up to one year, thus making residential mortgages more marketable. To the extent that this will induce pension and retirement savings plans to invest in mortgages for home financing, it represents a two-pronged attack on the problem.

Universally, pension plans are contributory and compulsory. They tend to raise the demand for residential mortgage money by forcing borrowers to accumulate non-liquid assets at a stage in their life cycle when their consuming demands are highest and while they are in debt. If pension plan funds are used to finance mortgages, the resources of these families, which comprise the majority of home purchasers, will be diverted to home financing.

The effectiveness of this measure for channelling funds to the residential mortgage market depends on the validity of its premise: that lack of liquidity is what prevents pension and retirement fund institutions from investing in housing.

But higher interest rates on mortgages as compared to more liquid assets are the product of additional factors besides lack of liquidity: the cost of acquisition and transfer of these mortgages, the cumbersomeness of the procedures involved, the cost of servicing, the cost of reinvesting principal payments from mortgages, the cost of the loss of income from repayments, the high legal cost associated with mortgage transactions and, finally, the loss of income through repayments.

The relative weight of the cost of liquidity vis-a-vis the factors listed above, will determine the effectiveness of the proposed federal measure. Meantime, some experts maintain that these other factors outweigh, by almost two-to-one, the problem of non-liquidity.

The Act also encourages the creation of a second set of institutions to answer the needs of the small depositor and investor.

The Loan Companies Act will be amended to permit the creation of a special kind of corporation to help individuals and institutions put their funds into mortgages. The new Mortgage Investment Corporations will be exactly like mutual funds; their portfolios, however, will mainly be mortgages and real estate investments, rather than stocks.

These corporations will not be permitted to conduct a trade or business, and regulations will ensure that they channel their investment into housing. They are not allowed to accept over-the-counter deposits and may not make direct mortgage loans. The benefits of mortgage investments identical to those now available to large institutions are assured to their shareholders because the MIC's will not be subject to corporate taxes on that part of profits distributed to shareholders.

Current Government Activity: Provincial

The Housing Corporation Limited now exercises some of the functions proposed in Federal legislation, and thus offers the Provincial Government an alternative way of dealing with the problems of mortgage supply and mortgage distribution.

First established in 1948 under The Corporations Act, the Housing Corporation Limited was transferred in 1969 to the Department of Trade and Development (now the Ministry of Revenue), and became a corporate associate of OHC. It borrows funds from CMHC and the Provincial Treasury, and invests them in mortgages on OHC land lease and condominium projects. Its income from these activities consists of the difference between the borrowing and lending rates (usually between 1.3 and 1.5 percent.)

The Provincial Government is presently considering merging HCL with the Ontario Housing Corporation. Such action would have the effect of limiting HCL's activities to OHC developments. The HCL has the potential to expand its activities to encompass some of the Province's unmet residential mortgage needs. It would presumably be in a better position

to do so if it retains its present independence from OHC and deals directly with both public and private construction and financial agencies.

Unmet Residential Mortgage Needs

The main purpose of the Federal Residential Mortgage Finance Act will be to attempt to shift the supply of funds from the Federal Government to private sources. The proposed mortgage investment corporations will simply be government-sponsored alternatives to private lending institutions, and presumably will act similarly to their private competitors.

Thus, neither Federal proposal will overcome three important mortgage supply and distribution problems: 1) The restrictions on the size of first mortgages and the unavailability of subsidized second mortgages; 2) The shortage of mortgage money in small communities; and 3) The limited availability of mortgage funds for low-income housing.

It is in these areas that the Provincial Government, by strengthening the role of the Housing Corporation Limited, could act most effectively to ease the current mortgage situation.

- Limitations on Mortgage Funds

Lending institutions, even those guaranteed by NHA, make only first mortgage loans with a loan-to-value ratio of 75 percent, much lower than the current NHA ratio of 95 percent. Despite favourable NHA experience with higher loan-to-value ratios, regulated non-government sources continue to be conservative and to use low ratios.

Regulatory legislation reinforces this conservatism. These restrictions, in effect, discriminate against the prospective buyers of older housing and force them to try to secure second mortgages -- often at much higher interest rates. To the extent that these restrictions apply to housing located in the poorer, more deteriorated areas of cities, they increase the housing difficulties of lower-income families.

Individuals have been, and continue to be, important lending sources for existing housing in old, poor areas of cities, remote communities, and for second mortgages in all areas. The creation of more institutions and more attractive terms for the "packaged purchase" of first mortgages will divert even more funds toward first mortgages and new housing, and increase the problems of large downpayment requirements and a scarcity of funds

for second mortgages at reasonable rates.

For this reason the Provincial Government, through the Housing Corporation Limited should introduce grants and interest rate subsidies for second mortgages for low- and moderate-income families. Such grants and subsidies could also provide some extra funds to enable purchasers of older homes to undertake urgently needed renovation or rehabilitation.

Provincial first- and second-mortgage assistance should be made available only to persons who can demonstrate financial need and a lack of access to other lending institutions. These would include persons wishing to build their own houses, who are now denied access to mortgage funds.

- Mortgage Money for Small Communities

The availability of mortgages in small and remote communities continues to be a major problem, even though the original Federal legislation (prior to the 1960s) was biased toward small communities. Private market interests simply find it easier to operate in larger cities where the demand for mortgage funds is larger and steadier.

The mechanism necessary to ease the situation in small communities will not involve any financial subsidy because the clientele can afford houses, are able and willing to pay for them, and prefer homeownership. The Housing Corporation Limited should be empowered to complement and further the activities of private lending institutions and lend directly to individuals when and where the private market does not operate.

- Mortgage Funds for Low-Income Housing

The major effort of HCL should be concentrated on making mortgage money available for low-income rental housing. Limited-dividend and similar programs have helped from time to time, but measures should be devised to serve this need comprehensively and on a more permanent bases to increase the diversity of low-income housing.

To this end, HCL should provide mortgages below market rate to non-profit organizations and co-operatives for the construction and rehabilitation of low-income housing, in addition to performing the other two functions already mentioned -- mortgage assistance and mortgage supply in small communities.

The corporation can fund construction and permanent mortgage loans through the sale of tax exempt notes and bonds to private investors. The favourable interest rates on such money can be passed on to borrowers (for low-income housing, but not for mortgages to normal borrowers in small communities). These can be both non-profit organizations and groups limited in the rate of return on their equity by statute. Tenants would then pay less than if their housing had been financed on conventional terms.

Limited-dividend developers who finance new housing developments under such mortgage support should be required to provide a certain proportion of subsidized units (rent supplement). At the same time the corporation could defray its administrative costs by charging fees to developers who use its financing services, thereby avoiding any cost to the taxpayer.

The corporation should set up different loan-to-value ratios for lending to non-profit organizations and to developers, all for the provision of low-income housing. Preference can be given to rehabilitation of existing housing and conversion of under-occupied units into multiple-family units.

RENTS AND RENT CONTROL

In general, rents did not increase at the same rate as home ownership costs in the 1961 to 1971 period. This conclusion is based on limited information from a selected number of communities.

Since 1972, however, and particularly in the last few months, rents have begun to increase at a faster rate. The increase still lags behind the steeper rise in ownership costs, but has been sufficient to cause general concern, especially in the larger cities.

High rents and rent increases on older apartments have generated a growing support for some form of rent control. Submissions to the Task Force from individuals, citizen groups, and municipalities include various suggestions for control, largely based on the limited post-war experience in Ontario, and on the more extensive history of rent controls in Quebec, the United States, and England.

In the major urban areas rents are certain to continue to increase. They may increase very sharply in the near future, especially in Metro Toronto, for several reasons. In the 1969 to 1972 period in Toronto a sustained and heavy supply of rental accommodation created a slow absorption rate situation. This and the decreased return on investment in apartment development led to a falling off in construction starts.

About the same time, citizen opposition against high-rise apartments grew, and by now has effectively stopped approvals for further construction of this kind in many areas. Land assemblies for apartments have also stopped, and land previously assembled for apartments is now being planned for lower-density residential uses.

High-rise apartment buildings supply a large proportion of the rental accommodation. By 1974 the apartments currently under construction will be completed and occupied. There will be a severe cutback in supply because the available new rental accommodation will be largely restricted to lower-density structure.

The rising advocacy for rent control coincides with the opposition to the construction of high-rise rental apartments, and it is just ahead of the actual falling off in the supply of apartments. Rents will climb more steeply while the demand for rent control will become stronger, and this is the prospect for 1974.

Rent Control Objectives

Rent controls introduced in other jurisdictions have pursued a number of objectives, including:

- To prevent landlords from profiting excessively from unusual situations (such as wartime) which produce serious housing shortages while preventing an increase in housing supply.
- To ease a temporary problem during a period when a housing shortage is being eliminated. Usually this means new accommodation is left uncontrolled, and controls on older units are removed as a shortage eases.
- To hold rents stable during temporary imbalance due to special circumstances generating high demand.

- To reduce rents for lower income groups who pay out a large proportion of their incomes for the poorest accommodation.
- To provide security of tenure. Rent controls are often linked to security of tenure provision because, without them, poorer tenants would fail to be adequately protected.
- To enforce housing standards. Landlords meeting standards get permission to raise rents.
- To redress uneven bargaining power between landlords and tenants by allowing tenants, especially poorer ones, to appeal to a board of tribunal.
- As part of a general price and income control to halt inflation.
- To establish "fair rents" for comparable accommodation in different areas.
- To control a monopoly situation in the rental market.

Considerations

There can be no "moral" objection -- no objection on principle -- to rent control. Urban development does not operate in a perfect competitive market and it is already constrained by public interventions of many kinds, such as zoning. Rent control does not impose any greater constraints than many other programs and policies.¹ But depending on circumstances, rent control produces a variety of effects:

- Rents that are below market rates discourage the industry from producing additional units. Unless the government intervenes, through subsidies or publicly sponsored construction, a greater housing shortage can develop.
- Landlords of rent controlled accommodation are deterred from spending on repairs and maintenance.
- If only a partial control is introduced (leaving some units uncontrolled) rents on the uncontrolled units will increase more than they would without any controls.
- If the control is only put on lower value accommodation, builders will tend to produce units that are uncontrolled, such as higher cost apartments.

- Rent control must be supported by security of tenure, or else persons willing to pay higher rents will pay premiums and poorer tenants will be dispossessed. A grey or black market situation develops.
- Rent control may reduce mobility by making those in controlled units unwilling to move.
- Rent control can lead to under-occupancy because it may be cheaper to stay in larger accommodation.
- Rent control requires competent public staff.
- Rent control needs legal enforcement support.
- It is usually difficult, and often virtually impossible, to remove "temporary" rent controls because of political considerations.

Conclusions

The disadvantages of rent control must be carefully weighed against its objectives before such a program is undertaken. It may be possible to operate rent control in a way which avoids at least some of its harmful effects. For example, if rents are allowed to increase when repairs are made, rent controls need not lead to a deterioration of the housing stock. On the other hand, some of the objectives of rent control may be achieved by other means. For example, governments can give housing assistance in various forms to low-income families paying high rents, and so avoid the necessity of resorting to rent control.

David Donnison, an observer of and a participant in the administration of rent control in England, has issued persuasive advice and guidelines to governments contemplating the adoption of rent controls.² In brief, he advises that governments exercise caution, flexibility, and careful planning in the implementation and enforcement of such controls. This argument includes the following:

- Governments should always seek other and more direct routes to their ends before resorting to rent control. Once embarked on rent regulations, governments often find it difficult to abandon them. But the most destructive effects of such a policy often appear only after it has been in effect for some time.

- Regulations should generally be concentrated on particular areas and sectors of the market rather than being applied indiscriminately. Rents should be fixed according to an evaluation of the service that the accommodation currently provides. Regulations should permit these rents to change, however, as the costs of repair and management rises.
- In some situations it is probably desirable to regulate rents, provided it is done as a carefully planned part of a large array of urban policies. Because this type of intervention in the urban system generally has unforeseen and potentially damaging effects, however, governments should learn all they can about that system before they attempt to intervene in it.

It can be concluded that, as a general principle, rent control should not be considered in Ontario. Even during periods when an imbalance of the rental market causes rents to rise, rent controls should not be introduced if there are no constraints on increases in supply. Measures to encourage supply increases, such as inducements to the private development industry, construction by public agencies, or demand support measures (subsidies to tenants), should be used in place of rent control.

The principle of avoiding rent control should inform government policy under all but the most extreme circumstances. These would include situations where supply constraints limit or prevent the normal supply of rental accommodation, and rents rise as a result of an extreme sellers market. Rent controls would be justified under those circumstances only if they are imposed in conjunction with other actions that assure that supply responds to the demand for rental accommodation.

Insofar as rising rents are the result of general price increases, particularly in building materials and labour costs, it does not appear feasible to introduce rent control, even as a temporary measure, in the absence of general price controls. The cost structure of the rental housing supply is extremely complex, and would be aggravated by rent control. To introduce such controls at this time could well lead to an even further restriction in the supply of new rental units.

It has not been possible for the Task Force to examine the many factors that have led to the present situation in rental housing, but such an examination would be a prime requisite for any consideration of rent control measures. The Government should, as a matter of priority, examine the residential rental market, rent scales, impediments to the construction of rental housing, and methods for assuring the required supply of rental housing at a reasonable cost.

The primary aim at this time should be to increase the supply of rental housing, along these general lines:

- The Province, in conjunction with the municipalities (particularly in larger centres), should determine the probable extent of shortages in rental accommodation by compiling an inventory of the amount and cost of existing rental accommodation, the number of rental units now under construction or in various stages or pre-construction, and the number of development applications pending. This information, combined with information about the nature of the present demand for rental units and with estimates of future demand based on population trends and projections, should yield a rough estimate of the degree to which the future supply of rental accommodation is likely to fall short of future demand.
- On the basis of its inventory of rental housing, rental accommodation targets should be established for those communities that face rental shortages.
- In each community facing a rental housing shortage, committees composed of Provincial, municipal and local building industry representatives should be established to review rental housing needs and to consider alternative ways in which those needs can be met.
- The Government should be prepared to help municipalities locate sites suitable for residential development and redevelopment. These sites might include obsolete, commercial or industrial areas and surplus government properties.

- Provincial review of municipal legislation should encourage municipal zoning changes that lead to an increase in the supply of housing (for example, zoning for higher density) in areas experiencing housing shortages and should discourage zoning changes that would reduce the housing supply in these areas.
- The Province should undertake to shorten and streamline the development approval process at both Provincial and municipal levels to encourage developers to build rental accommodation.
- The Province and the municipalities should devise incentives to induce developers to propose medium- and high-density alternatives to high-rise apartment buildings.
- As a last resort, the Province should be prepared to enter the rental accommodation market by acquiring land in urban areas for OHC to construct rental accommodation in various price ranges, to be rented at current market value.

PROTECTING HOME PURCHASERS AND TENANTS

In a situation where housing is plentiful, prospective housing consumers operate in a buyers' market. Not only are they able to make a choice among a variety of housing alternatives, but they also place housing suppliers in a competitive situation. Those who rent and sell housing are likely to adopt measures that will attract people to their product, and to respond quickly to expressions of dissatisfaction to retain or increase their clientele.

Where housing is in short supply, there are few incentives for housing suppliers to act voluntarily to ensure consumer satisfaction. Potential purchasers have a limited choice of housing and often have to act quickly before available opportunities disappear.

Home purchasers are likely to overlook property defects in their anxiety to get accommodation. Builders may be tempted to build hastily and with minimal attention to quality to take advantage of a profitable market situation. Tenants, for their part, may be reluctant to make complaints or to insist on redress of grievances for fear of eviction.

The present housing situation in Ontario puts home purchasers and tenants at a severe disadvantage relative to housing suppliers. The existing legal protection available to Ontario's housing consumers, and measures that will help to strengthen their position in the housing market, are therefore reviewed.

HOME PURCHASER PROTECTION

Lack of Quality Control: In Canada, quality controls over the building industry are almost non-existent. In spite of the importance which the average consumer attaches to the purchase of a home, the new homebuyer has no guarantee that the product he buys will be well or soundly constructed.

This is not to say that inspection does not occur during the construction of residential dwellings. Any house financed under the provisions of the National Housing Act will be visited by inspectors from CMHC no less than three times, and frequently more often.

But the main purpose of these inspections is not quality supervision, as a 1970 CMHC memorandum makes clear:

A common misconception is that the Residential Standards establish criteria for design based on studies of social or user requirements. Nothing could be further from the truth: the standards are only intended to safeguard the financial involvement of the federal government. 3/

The purchaser cannot guarantee quality workmanship even by hiring his own personal inspector because many of the latent defects that give rise to legal action are not discernible to the occasional inspection. The cost of securing the services of an inspector is prohibitive for most people in any case. In a sellers' market, the bargaining power of a prospective buyer insisting on "quality guarantees" is virtually non-existent.

Inadequacy of Existing and Forthcoming Legislation: The dominant feature of existing Ontario laws relating to the purchase of a new home is caveat emptor. These laws distinguish between three basic situations:

- The trade sale of houses yet to be built.

- The trade sale of houses as yet uncompleted and still in the course of construction.
- The trade sale of a completed home.

The first two situations are covered in law by an implied warranty. This warranty is implied to the extent that the house, when completed, will have been erected in a "workmanlike manner" and will be fit for habitation.

The rationale for this is that the buyer purchases not only the land and dwelling as it may then exist but also the builder's obligation to complete the structure as one fit to be a dwelling place, since this is the very nature and essence of the transaction.

When the house is completed, caveat emptor applies in full force. The vendor has no obligation to point out patent defects. Unless the purchaser can prove fraud or breach of warranty, there is no remedy in the case of latent defects. Even when the purchaser has a justifiable complaint he has no legal recourse if he happened to purchase his home from a fly-by-night operator or a developer who has since declared bankruptcy.

Where houses are not yet begun, or are only partially completed, most developers will provide as little protection as they possibly can. Such limitations can be made in the express terms of the contract. For instance, the most recent form of "Agreement of Purchase and Sale" of the Ontario Association of Real Estate Boards states:

It is agreed that there is no representation warranty, collateral agreement or condition affecting this agreement or the real property or supported hereby other than as expressed herein in writing. ⁴

Two official proposals that currently bear on the position of the new homebuyer are: 1) Amendments to the Federal National Housing Act, soon to be brought before Parliament and 2) the recommendation of the 1968 Ontario Law Reform Commission. To what extent do these two sources offer the prospect for improvements in the legal position of the home purchaser in Ontario?

The National Housing Act Amendments: The proposed new addition to the NHA would enable CMHC to contribute funds directly to a purchaser for the completion of his house, where the builder from whom he has purchased the house held an NHA-insured instalment loan and has failed to complete the construction of the house.

Any kind of additional insurance for the purchaser to guarantee completion is an improvement. But the proposed amendments are not concerned with standards of quality. They merely assure the purchasers of a home that has already been approved for NHA funding that additional money will be available to "complete the construction".

Another limitation of the proposed amendments is that they will only aid purchasers of homes approved for NHA funding. They will not help persons who buy homes from builders funded by other sources, if the builders fail to complete construction.

The Recommendations of the Ontario Law Reform Commission: The OLRC identified six possible forms of protection for new home buyers:

1. Registration of builders
2. Inspection during construction
3. Insurance
4. Quality Control by Mortgagees or Guarantors
5. Warranties implied by Law
6. Obligations Imposed by Statute 5

The OLRC dismissed a registration scheme as contrary to the interests of the public, being unreasonable or unnecessarily restrictive and contravening "the great law governing the conduct of man in serving his fellowman -- the law of competition". Also cited as practical drawbacks were the number of builders, the amount of new home construction, and the size of the province.

It rejected a system of inspection during construction on similar reasoning. While recognizing the worth of an insurance scheme (similar to one in effect in Great Britain)

it felt unable to recommend one. Neither did it recommend insurance against possible bankruptcy of a builder.

The Commission dismissed the use of guarantors or mortgagees to control quality on the basis that, first, such a program would not be far-reaching enough in the terms of the units affected and, second, it would entail the same problems as inspection (too expensive and too detailed).

It also opposed warranties implied by law because of the ease with which they can be avoided or modified. It allowed two exceptions to this position: 1) In the case of sale by model, where the house might be objectively sound but the purchaser ends up with a home quite distinct from the model agreed upon; 2) In case of sale by description, where the same basic situation would apply.

The OLRC did recommend the imposition of obligations by statute:

As a result of our deliberations we have decided to recommend a scheme, to be embodied in a statute, declaring and defining the obligation or duty which we believe devolves upon those offering new houses for sale to the public. 6

As envisioned, the statute would create obligations to the effect that new homes are:

- Fit for habitation;
- Built of proper materials in a good and workmanlike manner;
- Free from latent defects of construction.

Such obligations would arise on the sale of houses yet to be built, uncompleted, or completed. The limitation period for the cause of action would be six years from the date on which the purchaser takes possession.

A study of the OLRC report has concluded that the recommended course of action for dealing with the problem of home purchaser protection is inadequate, and very expensive for the already "wronged" consumer saddled with a defective house. 7

The choice of the Commission was a statutory obligation, with an action for damages founded on the statute. Aside from the question of how such a statute would be interpreted judicially, action based on the statute would entail additional expenditures of public and private money. Yet, the Commission had already rejected several alternatives because of their implied expense.

The time factor is also an important consideration. Litigation is not only potentially costly; it is slow. A statute would also require judicial interpretation of such key phrases as "fit for habitation", "built of proper materials and in a good and workmanlike manner", and "free from latent defects in construction". There is no assurance that the interests of the purchaser would be protected.

Another criticism is the limitation period of six years for any cause of action arising under the statute. The rationale of the Commission in suggesting a six-year limitation period seems devoid of any empirical research or statistical analysis as to the rate of appearance of latent defects in the construction of such buildings.

The need for some maximum parameter for the bringing of an action is quite reasonable. But before any type of limitation period is adopted, a proper study of the average time lapse for the appearance of various types of latent defects should be undertaken.

The lack of an insurance scheme further detracts from the force and competency of the recommendation. While the majority of new homes are built by large developers who would insure themselves if they saw fit, a segment of the consuming public would continue to be victimized by the fly-by-night or bankrupt developer.

The OLRC Report contains several recommendations that deserve to be re-examined in light of the unusual features of the housing situation--including the existence of an extreme sellers' market and the rapidly increasing size of the investment that the average buyer in Ontario is making in his home.

Obligatory Registration of Builders: The OLRC rejected builder registration in 1968 on the grounds that it would constitute an unnecessary interference in the competitive free market, and that the large number of builders, the large amount of new house construction, and the size of the province would make the administration of such a scheme costly and difficult.

To what extent do these strictures still apply? The "great law of competition" cited by the Commission is perhaps less appropriately applied to today's market, where the majority of development in many major centres is undertaken by relatively few developers. The reduced number of developers has probably also made registration a less difficult task.

Under the compulsory scheme, builders would be required to complete a dwelling that would be fit for habitation, built of proper materials and in a good and workmanlike manner, and free from any latent defects in construction.

An agreement stipulating these criteria would be entered into prior to the completion of an agreement to purchase. Failure to do so could mean loss of license for the builder and make him liable for losses incurred by the purchaser. The builder would be obligated to "stand directly behind his work" during an initial guarantee period. (A registration scheme in effect in England specifies a period of two years.)

A truly effective registration scheme would require inspection during construction and some form of insurance.

A serious drawback in a licensing or registration system would be its effect on the small builders, a factor of importance in many smaller communities, and also of some importance -- as a question of public policy -- in the larger centres as well. This counter-productive effect would require careful consideration before introducing a compulsory registration system.

Inspection During Construction: This alternative implies inspection not just for the protection of Federal mortgage monies (the major purpose of CMHC inspections) but for meeting the quality standards of the registration scheme.

About half of the residential building activity in Canada takes place in Ontario and, in turn, about half of the province's building activity takes place in the Toronto-Hamilton area. The concentration of building activity in a relatively small geographic area probably enhances the practicality of an inspection scheme. This scheme could be tied to regional planning areas so that, instead of requiring one large inspectorate, the program could complement the overall development plan of each individual area.

Inspection is the best, most direct, and most effective method of placing quality controls on the building industry. It may also be the most workable tool for protecting the home purchaser.

Insurance Scheme: This is integral to whatever final form protection for the new home purchaser might take. The OLRC considered a scheme operated by the National House Builders Registration Council in Great Britain and approved it in principle. Nevertheless, it refrained from recommending such a scheme for Ontario, arguing instead:

...that builders in the province will see fit to insure themselves against the possible consequences of any liability which our recommendations would impose on them.⁸

This alternative, however, leaves the purchaser without protection against the casual operator or under-capitalized developer.

An insurance scheme incorporated in the registration agreement would become operative at the expiration of the builder's initial guarantee. For example, if the builder were required to guarantee his work for two years, insurance would be effective for a period of time during which defects are most likely to appear. The number of years during which insurance is necessary would have to be determined by a statistical analysis of the time required for the appearance of most latent defects in new home construction.

Monies for such a scheme could be provided by a holdback or registration fee per house system. The need for the establishing of a claims fund and a system for arbitration of claims against it, as well as for claims directly made against the builder in the first two years, would be essential to the smooth operation of such a scheme.

At the present time the Housing and Urban Development Association of Canada and CMHC are discussing the establishment of a joint insurance scheme whereby houses would be guaranteed for the first year by the builder and the following four years through an insurance scheme. Any Provincial action that is taken should be adapted to such a national scheme, if it comes into effect.

Arbitration: Arbitration of disputes between vendor and purchaser would be compulsory as soon as the amount of money at issue exceeded a specified sum. The scheme would also establish a maximum figure up to which arbitration decisions would be final and binding. Decisions involving amounts above that figure would be subject to appeal.

One advantage of arbitration is that it allows individuals with expertise in the building field to consider the claims. The tenor of arbitration is different from a civil action in that it expedites the problem in a more efficient and less formal manner. It is therefore less costly and less time consuming for both parties.

An inspection-insurance-arbitration scheme should be conceived and implemented as a supervisory rather than as a policing technique. The OLRC Report, commenting on the way such a scheme operates in Britain, concluded that:

Speaking generally, the Council's (N.H.B.R.C.) aim is to encourage all builders to have first-class supervision of their own. The role of its inspectorate is mainly precautionary and is offered as much as a service to the builder as to the purchaser. As a result, a large part of an inspector's job consists of ensuring that the builder's site supervision is adequate. ⁹

Conclusions

A registration-inspection-insurance-arbitration scheme is viable and has no ill effects on major bona fide builders of the industry or on the price structure of the market. It provides the purchaser with equality in the market place and with a degree of protection he has never experienced in Ontario.

Still, such a scheme has a number of potential disadvantages. It makes it difficult or impossible for small builders and tradesmen to enter the market, and thus contribute further to reduced competition in residential building. It is likely to be resisted by many builders as unnecessary government interference. It might discourage or even prevent voluntary and cooperative homebuilding activity. Finally, it would involve an expansion of government responsibilities as well as an increase in government expenditure.

For these reasons, it should be introduced only if it becomes clear that irresponsible and unscrupulous practices on the part of builders are becoming frequent and widespread.

For the time being, it is concluded only that the Government should require a statement on the part of builders that they are prepared to stand behind their work and to correct faults that appear in new residential units within a specified period of time after their completion.

This can be done by legally requiring all builders of new residential units to issue to buyers a warranty that guarantees that defects in construction will be repaired or that purchasers will be compensated.

In case of dispute between builder and buyer, the courts would decide the extent of the liability of a builder who had failed to issue a warranty, or who had failed to comply with its terms.

To ensure that all home purchasers have some measure of protection, the Province should be ready to provide financial assistance to homebuyers who are unable to afford legal expenses. Funds for this assistance might be secured by requiring all builders to pay a small unit fee when new residential projects are approved.

TENANTS' RIGHTS

Until 1968, Ontario laws governing the relationship between landlords and tenants provided exclusively for the protection of the property of the landlord, and made no provision for the protection or safety of the tenant. The Landlord and Tenant Act of 1968, amended in 1972, partially corrected this situation by specifically establishing the principle of legal protection for tenants.

Some of its major provisions, contained in section IV, put strict limitations on the actions that landlords can take against tenants who are behind in their rent; prohibit landlords from restricting the access of political canvassers to rental units, while protecting tenants from unwanted access by the landlord or his agent; specify the responsibilities of both the landlord and the tenant toward the rental premises; prohibit landlords from withholding a reasonable supply of any vital service; and enable municipalities to establish Landlord and Tenant Advisory Bureaus for the purpose of giving advice, receiving

complaints and mediating disputes.

The Act did not provide tenants with "security of tenure." It only specified the length and form of notice that is required to terminate a periodic tenancy, including weekly, monthly and yearly tenancies, where the lease agreement fails to set its own requirements.

Under present law in Ontario, the tenant has virtually no security of tenure. Most modern leases (unlike older leases) are not self-renewing. No reason or "just cause" need be given for the non-renewal of a lease after a short notice of termination is given.

The Act fails to provide sufficient protection to the tenant against summary eviction. Although a court may invalidate a notice to quit, there is nothing to prevent the landlord from serving such a notice again. Fear of ejection can itself be a strong deterrent to a tenant's attempt to secure his rights.

The position of the tenant faced with summary eviction was further weakened in a 1972 amendment. This was in response to landlords' complaints about the long delay involved in acquiring writs of possession to enforce the removal of overholding or rent-withholding tenants. In providing for more expeditious procedures, the amendment gives the tenant only four days to dispute the landlord's claim. In addition, it removed the tenant's right to secure relief from a landlord's breach of covenant by way of summary application to a county court.

If the landlord breaches any covenant, other than the....duty to repair, the tenant's only source of redress is to wait in line for an opportunity to have an action tried through a normal lawsuit -- a process that takes years.¹⁰

The expense of litigation is likely to deter many tenants from seeking redress at all.

A third problem is that many tenants remain unaware of the Act's provisions. OHC includes part IV of the Act (dealing with landlord and tenant residential tenancies) in its standard lease, but private landlords and apartment owners do not.

This is important, because "standard" leases used by real estate rental companies contain several clauses that are inconsistent with the Act. Landlords draw up leases in their own favour, despite the fact that some of the provisions they contain may be invalid. The tenant signing such a lease has few options. He is not allowed to add to, delete from or alter it.

A common practice among some landlords is to purport to contract out of their statutory duties. Although this does not relieve the landlord of his obligations, it often serves to confuse the tenant. Neither the Act nor rulings based on it are clear on the subject of repairs to rental premises.

While a landlord is responsible for providing and maintaining rental premises in a good state of repair and fit for habitation, the Act allows the tenant to effect repairs himself and to set off the cost against his rent. However, it does not specify how much time a tenant must allow a landlord to make repairs before taking action himself, nor is it clear whether a tenant needs court approval before he can legally act. In addition, the landlord's statutory obligations do not require him to repair appliances, such as refrigerator or stove, supplied with the rental premises.

The Act does not impose any obligation on landlords of high-rise apartment buildings to provide or maintain in a good state of repair such common facilities as elevators, swimming pools, saunas, parking and driveways.

Conclusions

It would be useful for The Landlord and Tenant Act to be amended to establish landlord and tenants courts or tribunals in each community to hear disputes from notices to evict, failure by one party or the other to effect repairs, and other management matters. These tribunals should also provide a vehicle for landlords to bring complaints against tenants. In general, these tribunals should aim to provide tenants with greater security of tenure by requiring landlords to show "just cause" for eviction, and, if necessary, by requiring one or both parties to produce witnesses in support of their case.

Such tribunals should be relatively informal (to avoid large legal expenses), should meet often to handle cases quickly, and should hold evening and Saturday sittings for the benefit of those unable to come during normal business hours.

A "package" of law and instructions should also be legally required in every residential lease. This package should include the rights and responsibilities of the landlord and the tenant found in part IV of the Act. Clauses that are inconsistent with these rights and responsibilities should be illegal and their inclusion in leases subject to legal sanctions. The size, spacing and printing of "standard" lease forms should be regulated. Translations of landlord and tenant statutory material should be available in multilingual areas.

Finally, the Act should be amended so that the definition of "rented premises" will include all fixtures and appliances. Elevators as well should be part of the rented premises. If the landlord fails to maintain these regularly the Government should do so and bill the landlord.

The Act should also be amended to include in the lease agreement all common areas and recreational facilities offered and advertised as inducements for the tenant, and to require their repair and maintenance.

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3. INCREASING THE HOUSING SUPPLY

VOLUNTARY AND CO-OPERATIVE HOUSING

The material in this section is an edited summary of "Voluntary Activity in Housing, a Policy and Program for the Third Sector",¹ a study prepared for the Task Force by the Ontario Habitat Foundation. It extracts the study's main points, which explain the nature of non-profit and co-operative organizations, and its conclusions for the types of Provincial support considered necessary to supplement available Federal assistance to voluntary efforts.

The Nature of Non-Profit and Co-operative Housing

Both the United States and the Western European countries that have been most vigorous in housing have made more substantial use of the non-profit and co-operative sector than has Canada. Cultural and economic systems differ, but the scale of non-profit and co-operative housing in other countries suggests that more attention should be paid to experience elsewhere.

This is particularly so at the present time because voluntary organizations are showing increased interest in housing and because many urban residents are demanding greater participation in urban decision-making.

New housing policies also give more attention to non-profit and co-operative housing. The 1973 amendments to the National Housing Act expand the assistance available. The Dennis report urged that major emphasis be put on non-profit and co-operative programs.²

Research on the non-profit housing sector has been limited and has tended to focus on physical design and planning rather than on organization patterns. Certain generalizations are possible, however. Non-profit and co-operative activity in housing is neither public nor private development, but is able to use features of private forms of organization to achieve social goals. It leads to the production or management of housing units or housing-related services. It is very diversified, but has the following general characteristics:

- Voluntary housing activity is undertaken by organizations rather than by individuals.
- Its purpose is not to bring financial gain to participating members, although members may benefit through lower housing costs.
- It operates independently of governmental mandate, although it may work in close conjunction with public authorities.
- It is undertaken to meet a qualitative or quantitative need which is not being met by the public or private sectors.
- It is representative of the voluntary tradition, in that individuals organize to provide assistance to others or to themselves.
- It produces mostly multiple units but can also yield single-family housing.

Three major groups have been the most important clients of non-profit housing activity: senior citizens, single persons and families. These are examined here from the standpoint of organization and program characteristics rather than from specialized housing needs.

Senior Citizens. Housing for senior citizens has been the predominant mode of voluntary housing activity in Ontario. Until 1970 the proportion of non-profit activity for other than the elderly was insignificant.

In Canada in 1970, more units and projects occupied by the elderly were produced by non-profit than by public housing agencies, but the opposite was true in Ontario.

TABLE I
SENIOR CITIZENS' PROJECTS OCCUPIED - 1970

	NON-PROFIT			PUBLIC HOUSING		
	<u>Projects</u>	<u>Units</u>	<u>Hostel Beds</u>	<u>Projects</u>	<u>Units</u>	<u>Hostel Beds</u>
Ontario	95	5,382	1,414	161	8,992	239
Canada	530	12,820	7,669	216	11,159	239

Source: Canadian Council on Social Development, unpublished statistics.

The importance of non-profit sponsorship in the province diminished when OHC's senior citizen program began to assume significant dimensions. Three factors have been associated with the decline in non-profit activity, all relating to cost.

First, receipt of the Provincial capital grant was dependent upon the municipality agreeing to limit taxes to \$25 per unit per year. This was not required in the OHC program, which was therefore more attractive to municipalities.

Second, non-profit activities could not compete with the rent-geared-to-income rates of OHC projects. While non-profit sponsors were oriented to supplying housing to low-income people the public authority could reach lower through subsidies. In this connection, it is claimed that prospective residents find it difficult to understand why the non-profit projects should be more expensive.

Finally, there has been no increase in the Provincial capital grant to offset the increase in the cost of housing production factors. A number of persons interviewed claimed that they had decided against building projects because the projected rents would exclude persons with low incomes. There is still substantial interest in providing this form of service if it can be made available largely to those with lower incomes. Rent supplement funds would help reduce the cost of this housing.

Senior citizens' housing has been developed by such voluntary organizations as service clubs and churches. These tend to be local, highly autonomous groups that have drawn upon the social commitment of business leaders. These groups are motivated by the desire to provide service for the deserving needy. There have been few "repeater" (groups which are involved in housing activities more than once), which may be a major problem in developing a significant level of voluntary housing activity.

Single Persons. Single persons housing has typically been provided by institutional non-profit organizations. These are ongoing community institutions that have undertaken a housing service as an extension of their program. They have typically served the young single person, as is the case with the YWCA's very active program, or the older single person.

Significantly, there is no institutional focus for the middle-aged rooming house population. Recent attention has identified this group as having a serious housing need and yet it is unclear how it can be met.

Two possibilities exist. The first is action by community organizations that focus on the housing needs of a particular neighbourhood. The second is the inclusion of housing for single persons in predominantly family projects, as in the Alexandra Park family co-operative in Toronto.

Families. Family housing is a relatively new area of voluntary housing activity, and is often undertaken by participatory forms of organization. Various types of non-profit organizations have been formed for rehabilitation purposes or to serve native people. The largest volume of housing has been produced by a continuing housing co-operative which is responsible for 900 units in Ontario. There is also resurging interest in an older type of organization: the building co-operative.

The emerging organizational pattern in the family housing field has two important characteristics: first, the participation of prospective users in the development and

in the management of projects; and second, the growth of a network to support a larger scale program in this field.

Program Characteristics

The major program characteristics of the voluntary housing sector are the following:

Cost Effectiveness. It is frequently held that non-profit projects should be cheaper to operate and develop than similar projects under private or public auspices. The present state of information neither supports nor refutes this impression conclusively. There is little reason to expect a significant reduction in capital costs. Although several sources of cost reduction can be identified, a significant increase in scale would be most likely to reduce costs substantially.

Co-operative proponents point out that co-operation has a tradition, a philosophy and principles that involve far more than elimination of profit. In fact, there has been a strong tendency to give priority to achieving a high quality of construction rather than to cost reduction. This emphasis has led to better design and quality.

The U. S. experience suggests that some economies in operating cost can be realized, but firm comparative information is not available.

The major economic argument for increasing co-operative activities for limited dividend or assisted homeownership is that they are committed by policy and in some instances by agreement with CMHC to provide housing that will be available permanently--not for a limited time--to low- and moderate-income residents.

Design. Projects are likely to be carefully designed, with some degree of resident participation.

Social Aspects. The thrust of the voluntary housing sector is toward a notion of housing as being more than shelter. This characteristic deserves particular emphasis. The residents' participation in planning, and the attention given to their interests and needs are also significant. Voluntary housing also gives security of tenure.

Program Packaging. Voluntary organizations have demonstrated an ability to make effective use of a wide variety of government and community programs in support of housing programs.

Organization. The Ontario Habitat Foundation identified four alternative forms of organization. It dismissed the atomistic approach because of its inability to motivate non-profit development. It also rejected an organizational form that would place emphasis on a high volume of housing starts as being unable to provide for the participation that is an essential feature of voluntary housing.

It suggested that a third alternative, an active government housing organization supplying assistance, has some potential, particularly in the property management area and for informational and promotional functions. But it recommended a final alternative, an independent organization with governmental support, as best able to effectively ensure the economic and social benefits to be derived from the voluntary housing approach.

Volume. It is difficult to obtain accurate figures on the volume of voluntary housing activity. There was a substantial national decrease in activity in 1972, but this did not occur in Ontario, indicating a strong demand. Much of the decrease elsewhere is due to groups waiting for new NHA provisions to become operative.

Policy and Program Elements. There has been little interaction between voluntary and Provincial Government housing activity to the present time. The one exception is the per-unit grant made to non-profit sponsors of senior citizens' housing. Outside of this program, the Provincial Government is virtually invisible to non-profit organizations.

One way the Province could contribute to increasing the housing supply for low- and moderate-income persons is to develop greater interest and involvement in the voluntary sector. The Province could choose among various levels of involvement, one entailing incremental adjustments to present policy, the other implying major policy changes.

1) Incremental Provincial Policy Changes

- Increase the per-bed or per-unit capital grant for senior citizens, and express it as a percentage of unit cost rather than as a fixed-dollar amount.
- Give senior citizens projects and family housing under voluntary auspices access to a rent supplement program.
- Amend The Housing Development Act to make rent supplements available to full members of non-profit housing co-operatives. At present the Act restricts such assistance to tenants.
- Give serious consideration to permitting local non-profit organizations to operate OHC senior citizen projects.
- Investigate the development of a building co-operative program for smaller centres in the province.

2) Major Policy Changes

Proposals for major policy changes at the Provincial level to support the voluntary sector rest on several arguments. One is that current attitudes toward homeownership are changing, at least among some groups, and that these changes imply a need for new forms of tenure.

A second argument recognizes citizens' demands for more participation in decisions. Although increased participation is possible in both public and private housing, the voluntary sector offers greater scope for participation.

Finally, the National Housing Act amendments make Federal assistance available to non-profit and co-operative organizations, and provide an opportunity for the Province to develop and participate in a multi-level program that assures the voluntary housing sector a maximum level of assistance and encouragement.

Conclusions

Desirable policy changes include the following:

- Project Support

Land--Land is the problem mentioned most frequently by voluntary housing proponents. The difficulty is both price and access. To date non-profit organizations have not been able to obtain land in Provincial land assemblies because it is sold by way of competitive proposal calls. Land should be leased to non-profit groups at a below-cost rate in the initial years, with a provision to recapture the "loss" during later years of the lease.

Capital Grants--10-percent capital grants should be available, particularly for housing for the elderly and for mixed income projects which operate with an internal surcharge and subsidy system, similar to that already in effect in non-profit co-operative projects.

Consideration should be given to "high impact grants". These could be phased in during the initial ten to fifteen years of the project in gradually decreasing amount. The total amount of the grant would be no more than that provided in the initial capital cost write-down. This approach more than doubles the cost benefit of a grant in the initial years.

Social and Housing Development Staff--There is an important and currently unmet need for staff to perform counselling, referral and social development roles in projects. The Province should provide funding assistance for this purpose directly to voluntary sector organizations through the OHC.

Rehabilitation--The Province should provide financial assistance to underwrite the administrative costs of rehabilitation projects, and to reduce the land cost which must be borne by these projects.

- Sectoral Support

Support should not be provided at the individual project level alone. If it is, the de facto policy will be passive. An active policy requires assistance for the

voluntary sector as such. This assistance should focus on creating the policy, organizational and public opinion context within which individual projects can be undertaken. The following are the key areas of sectoral support which the Province could undertake.

Information and Promotion--A program similar to the one undertaken for condominium housing, designed and implemented in conjunction with voluntary sector organizations, could have a significant impact. It would have to be coordinated with the increasing ability of the voluntary sector to deliver various forms of housing.

Technical Service Organization--The Province could provide financial and organizational assistance to an organization performing a variety of supportive services for voluntary sector projects. Institutions of this type in the United States include the non-profit Housing Centre and the Foundation for Co-operative Housing. Local housing authorities could possibly provide the necessary technical service functions. A distinct organization should deal with housing for native peoples.

Research--At present, the research priorities of the Ontario Housing Corporation are focused on the technological aspects of housing. There should also be emphasis on research that focuses on the social dynamics or social technology of housing development.

Representation--An advising committee composed of representatives of the voluntary sector would be useful in formulating Provincial policy.

In the next few years primary emphasis should be on promoting voluntary housing as a realistic housing alternative, and on developing the manpower and technical institutions required to support a rapid expansion of non-profit housing. Provincial efforts should concentrate on assisting those voluntary activities aimed primarily or exclusively at low- and moderate-income groups, and not at groups that already have adequate access to good housing.

MOBILE HOMES

Municipal Unacceptability

At present, mobile homes account for only a small fraction of the Ontario housing supply. Less than 1,700 Canadian manufactured mobile homes were shipped to destinations in Ontario in 1971.³ This is equivalent to about two percent of total dwelling completions for the province. But as a percentage of all single-family housing starts, mobile homes increased from 3.8 percent in 1963 to 16.2 percent in 1972.

In the United States, mobile houses have now captured half of the single-family housing market. There is now a great choice in their size, style, and finish. A mobile home may be purchased fully furnished with a down payment as low as \$1,000 to \$1,500. Monthly payments may be less than \$200, including lot rental. A three-bedroom dwelling may require \$2,500 to \$3,000 down payment, plus \$3,000 to \$3,500 for furniture, plus legal and moving fees.

Mobile homes thus offer the opportunity for home ownership to many who are unable to afford another alternative in today's market. They should be seriously considered as a partial solution to the housing crisis.

Municipalities tend either to discourage mobile homes or not to permit them at all. One major reason is that these homes are not defined as real property so they do not provide municipal tax income. Yet if mobile homes are considered suitable for general housing use, and if they help to alleviate the housing supply problem, then the laws should be changed to bring them into the regular real property tax structure.

Today's mobile homes were not in existence at the time by-laws were written prohibiting the use of trailers as permanent residences.⁴ When the laws were written in 1952, trailers measured a maximum of 8' x 32 feet. These laws are still being used to prohibit the modern mobile home, which can measure 12 feet wide and 60 to 70 feet long--a length equivalent to a modern bungalow.

These homes are intended for use only as permanent residence and are designed to be placed on proper footings and connected to the usual residential services. The 12x60-ft. mobile home cannot be hauled with cars or trucks.

In appearance, the mobile home would not generally fit into most conventional single-family neighbourhoods. But mobile homes could be included as part of the community's planning by updating the definitions in section 354 (1) 86 (a) of The Municipal Act. This would clarify the difference between trailers and mobile homes, and preserve the original intent of prohibiting the use of travel trailers for residential purposes.

A few changes have already occurred. For example, mobile homes in Kingston's Worthington Park have been assessed as houses. The Ministry of Revenue exempts mobile homes from sales tax when the home is situated on a lot. Thus, while two Provincial ministries have recognized mobile homes as houses, The Municipal Act continues to define them as trailers.

Mobile vs. Conventional Homes

Performance: The Barnard study of mobile homes compared the performance characteristics of a typical mobile home (12x60-ft. three bedroom) with a small, conventionally-built, three-bedroom bungalow. It found that most aspects of the mobile home are comparable to those of the bungalow.⁵

While mobile home performance is slightly lower than bungalows in terms of acoustics, structure, fire safety and expandability, the differences are not significant enough to indicate serious problems. In addition, several other aspects, including thermal performance, are better for the mobile home than the bungalow.

The most significant differences lie in layout, space provision and choice of appearance. The standard mobile home provides 40 percent less total space than the minimum OHC bungalow. Room sizes are smaller and room layout does not permit the same variety and amenities as the bungalow. Apart from subjective esthetic considerations, the greater variety in appearance of the bungalow, particularly in overall shape and in exterior facing materials, provides the purchaser with greater choice.

Standards: Mobile home construction in Canada is guided by the Canadian Standards Association, Preliminary Standard Z240. The principle differences between CSA Z240 and the National Building Code lie in their intent, scope, and methods of enforcement.

The CSA code deals with a specific type of product, manufactured only at certain locations which can be monitored by CSA staff. This restricted scope and relatively straightforward enforcement procedure permits greater flexibility in code interpretation. It also means that the code is less stringent than the National Building Code, which has a broader scope, deals with all housing types produced on thousands of different sites, and must be enforced by local inspectors of differing abilities.

Since proposed changes will likely resolve some of the differences between these regulations, a comparison is not feasible at this time.

Durability: The Barnard study of the resistance of mobile homes to physical deterioration shows that different components deteriorate at different rates, and that the nature and frequency of maintenance tasks are quite different from those of the bungalow. One of the main concerns about these homes--that they deteriorate more rapidly than conventional types--is not so much related to the nature of the construction as to the willingness and ability of the occupants to maintain their units. If anything, maintenance tasks are generally smaller and, on the whole, less costly for the mobile home.

Overall Price: Despite the fact that mobile homes are produced in a factory, Barnard found that the construction costs are not very different from bungalows on a per-square-foot basis (see Table 1). Thus, the lower cost of a mobile home results not from construction efficiency but from the smaller size of the dwelling unit. In buying a higher priced mobile home, the consumer is mainly paying for a more stylish decor--including fittings, fixtures and appliances--not for more space.

Monthly Cost

Current prices of mobile homes range between \$8,000 and \$13,000. Interest rates vary from 10.5 percent to 14.9 percent with loans available for periods varying from two or three years to 10 years. This makes mobile home ownership possible at less than 25 percent of annual income for those earning \$7,000 to \$10,000.

A mobile home park survey conducted by the Ministry of Treasury, Economics and Intergovernmental Affairs confirms this. According to the estimates of mobile home park

TABLE 1

OVERALL PURCHASE PRICES

MOBILE HOME*

<u>ITEM</u>	<u>ECONOMY CLASS</u>	<u>LUXURY CLASS</u>
Mobile home, 12' x 60', 3-bedroom	\$8,000	\$13,000
Less: Furniture allowance+	400	1,100
Appliance allowance	<u>200</u>	<u>300</u>
	\$7,400	\$11,600
Retail Sales Tax - 5%	370	580
Set-up+	175	250
Skirting & steps+	<u>125</u>	<u>300</u>
	\$8,070	\$12,730
Price per square foot (650)	\$12.42	\$19.58
Price per cubic foot (4,550)	\$1.77	\$2.79

CONVENTIONAL BUNGALOW

<u>ITEM</u>	<u>LOW</u>	<u>HIGH</u>
1050 square foot bungalow	\$15,000	\$18,900
1% mortgage fee	150	189
Solicitor's fees+	240	260
Insurance+	<u>75</u>	<u>80</u>
	\$15,465	\$19,429
Price per square foot (1,050)	\$14.70	\$18.50
Price per cubic foot (7,875)	\$1.96	\$2.46

*Assuming this as tangible personal property

+Approximate according to the range given

Source: Peter Barnard Associates, Mobile Homes in Ontario: Construction and Costs, A report Prepared for the Ontario Ministry of Treasury, Economics & Intergovernmental Affairs, May 1972, Table 2.5

TABLE 2

ESTIMATED FAMILY INCOME OF
MOBILE HOME PARK RESIDENTS

MOST FREQUENT
RANGE OF ANNUAL
FAMILY INCOME

MOBILE HOME
PARK MANAGERS

less than \$6,000	5%
\$6,000-9,999	48
\$10,000-14,999	15
\$15,000 or more	-
don't know	27
no answer	<u>5</u>
TOTAL	100%

Source: Mobile Home Park Survey, Ministry of Treasury, Economics
and Intergovernmental Affairs, Toronto 1971, Table E9, p. 63.

managers, more than half of mobile home residents earned less than \$10,000 (see Table 2).

Conclusions

The mobile home purchaser is buying a somewhat lower standard unit, at a lower initial price and with prospects for lower maintenance costs than the buyer of the conventional house. There are no apparent economies in the production and distribution process over conventional houses, nor are there any major aspects of performance superior to that of the bungalow.

Since performance (exclusive of space) and per-square-foot costs are comparable, both units offer similar value for money, at least in terms of initial purchase price. The life of a mobile home may be shorter than that of a conventional home.

Mobile homes, therefore, seem to offer attractive alternative accommodation for those in the \$7,000 to \$10,000 income group, who could not otherwise afford the purchase of a new home. The development of mobile homes should be encouraged as a contribution to the supply of housing, but should be subject to suitable controls to ensure the maintenance of suitable environment and standards.

The Province should develop suitable standards for mobile home development on a permanent basis in urban municipalities. These standards should include location and performance specifications and suitable tax arrangements. Upon formulation of such standards, municipalities should not be allowed to exclude mobile homes as a permitted use under zoning by-laws.

REHABILITATION

Since 1944, the National Housing Act has been titled an "Act to Promote the Construction of New Houses and the Repair and Modernization of Existing Houses." Yet little effort has gone into devising and implementing legislative and financial tools for rehabilitation. Instead, housing efforts all over Canada have concentrated almost exclusively on new construction. Current NHA amendments make some funding available for rehabilitation, but do little to change the relative emphasis on new construction.

Reasons for this emphasis are not difficult to find. One is the fact that national growth policies have been directed to substantial population increases in urban communities, requiring the provision of large quantities of additional dwellings. In essence, new construction has been the most effective way of adding to the housing stock.

Another reason is that, for a very long period, the elimination of older substandard housing and its replacement by new projects, both public and private housing, was administratively and politically easier to carry out (at least until recently, when renewal began to encounter massive resistance from local residents.) It has generally been easier for governments to deal with financial institutions and large builders than with innumerable low-income homeowners and renters.

Many central city areas, as well as older rural settlements, have housing problems not yet familiar to newer areas. A large stock of structurally sound but poorly maintained and deteriorating housing provides low-cost living space to low-income groups. Large scale demolition and new construction to replace such units result in higher rents and often the disruption of cohesive neighbourhoods.

Equally, upgrading of working class housing for higher-income occupancy ("white-painting") has seriously depleted the available stock of low-income housing in some cities, particularly Toronto. Rehabilitation can support low-income housing in those localities and neighbourhoods that are most accessible by public transportation and closest to transient work opportunities.

Experience with rehabilitation in various parts of Canada and other countries has been varied. A review of this experience provides insight into some of the reasons why rehabilitation has often failed to sustain the supply of low-income housing, and also suggests some of the essential prerequisites for an effective rehabilitation policy.

1) Modern "minimum standards" are unrealistic for rehabilitation.

This is principally because residential mortgages tend to define the "economic life" of a housing investment as 50 years, a definition which has no necessary relationship to the physical condition of the house.

A second difficulty stems from the attitude that rehabilitation entails, or should entail, bringing all old houses completely up to modern "minimal" standards. This does not acknowledge that many of these houses were built in periods when living habits, technologies, needs and amenities were totally different from what they are today. Restoring such houses to decent living condition should not be synonymous with making them equivalent to standard suburban or new city homes.

Municipal building, zoning and housing codes are universally geared to new construction and virtually exclude "economic" rehabilitation. Floor area, floor plan and bedroom layout specifications, set-back requirements, and off-street parking requirements are all prohibitively expensive, and are virtually impossible to achieve in older neighbourhoods in central cities. Yet these requirements have to be met before rehabilitation financing can be obtained.

In virtually every instance of successful CMHC involvement in rehabilitation, such standards have had to be abandoned. When revised standards were adopted, it was found that rehabilitation usually costs half as much as the construction of new public housing units, for the same floor space, when the cost of acquisition, demolition and construction were taken into account.

2) Financing Mechanisms for rehabilitation inhibit the process.

- The issue of code enforcement, unrealistically high and unattainable "minimum" standards, and traditional methods of financing rehabilitation are closely related. CMHC lending practices and the legislation that facilitates such lending illustrate this.

Every CMHC loan has to be secured by a first mortgage on the property. Sound lending practices dictate that the dwelling be brought up to the appropriate standards all at once, to ensure the recovery of the financing in case of foreclosure.

But owners of deteriorating houses in old neighbourhoods are frequently senior citizens who have paid off their mortgages and do not want to be saddled with further debts, or low-income citizens with no job security who are

unwilling to take on debts and regular payment commitments that they know they cannot fulfill.

Such owners would probably be willing to provide themselves with basic amenities and a sound roof over their heads if they could afford it. Legislation which puts loan and investment considerations above basic housing requirements will not help the housing situation of the poor, nor do much to preserve and improve the existing housing stock.

- Securing rehabilitation loans with a first mortgage has the further disadvantage of diverting most of the available capital from actual rehabilitation. Properties needing rehabilitation may be saddled with heavy debt burdens and bonus provisions. Repayment effectively channels Government money to lending institutions rather than to rehabilitation activities.

Young, upwardly mobile individuals and families living in low-income housing often use these funds for refinancing rather than rehabilitation. Refinancing can involve high administrative costs and extra staffing for the agency implementing the program.

- Rehabilitation can be used to convert large, underused urban residences to multiple units, and thus supply housing to a larger number of people. Yet municipal bylaws often prevent such conversion.

An additional hurdle is the resistance of both the residents involved and their neighbours. The Lithwick report suggested that there is a large supply of underused housing in older neighbourhoods occupied by senior citizens, and recommended that such people be persuaded to move out of those houses. But old people often have strong attachments to their homes and neighbourhoods and are loath to move. It is far from certain that Government programs should be designed to force such moves.

3) Rehabilitation works best in socially cohesive areas

Physical rehabilitation and social and community assistance are assumed to go hand in hand. The NHA amendments that link rehabilitation assistance to neighbourhood improvement translates this assumption into policy. Yet successful physical rehabilitation efforts in Canada generally have come about through citizen action in neighbourhoods that were

socially cohesive and had very few features of "social deterioration", such as high crime rates.

The Chinese community in Vancouver's Strathcona renewal project is one such example. Here the rehabilitation program has been a response to earlier government proposals calling for total demolition. The ever-deepening belt of "white-painted" neighbourhoods that now almost surround downtown Toronto is another example if successful rehabilitation almost totally divorced from conventional community and social assistance programs.

In considering rehabilitation as a government policy, it is best to separate the objective of physical rehabilitation of housing from social policy, and to pursue programs that are directed to serving physical housing improvement in the most effective way.

It is also important to understand that government financial assistance for rehabilitation can have the effect of removing large quantities of inner-city housing from low-income families, as well as conserving such houses for low-income occupancy.

Conclusions

To facilitate rehabilitation in an effective way, there should be varying sets of standards for the rehabilitation of old housing related to neighbourhood and community development criteria.

The coupling of rehabilitation with neighbourhood improvement in the NHA amendments, and the setting of the maximum level of \$4,000 in the Federal program, will probably reduce the effectiveness of the new programs in meeting Ontario's rehabilitation needs. These factors should be given serious attention in developing the Provincial program. (This is dealt with specifically later in this section.)

Municipal services and facilities will require extensive improvement in many neighbourhoods undergoing intensive rehabilitation. This will also involve review of the NHA amendments.

Finally, occupancy standards should be revised to encourage suitable conversions of large underused central area houses which can accommodate additional families.

REVITALIZING THE APARTMENT SECTOR

About a third of Ontario's households live in rented accommodation, the great majority of them in apartments. Increasingly, at least in the major urban areas, they are living in high-rise buildings. For the past 10 years or so the majority of the dwellings constructed in the main urban centres have been apartments, and in Metropolitan Toronto rental dwellings have comprised as much as 70 percent of the total new housing stock.

This situation is now changing. Apartment starts have declined, during the last year or so and the indications are that this trend will continue. Land assembly for apartments has virtually stopped in many cities, except for specific blocks of land reserved for this purpose in comprehensive suburban development schemes, and except for special circumstances, such as the redevelopment of the downtown railway yards in Toronto (Metro Centre).

This has resulted from two main factors -- strong local opposition which has effectively prevented apartment construction in many areas, and the reduced profitability of apartment development. Some sites already zoned for high densities, on which apartments could have been built, have been "down-zoned" by their owners to lower densities, such as row housing, which are evidently more profitable at this time even with the higher unit land costs involved.

This situation may reflect the specific economics of rental housing today, but also the distorted nature of the residential land market in many areas, with its tremendous pressures on ownership housing.

The same shortage of ownership houses that creates these pressures is also creating a strong need for a continued supply of rental housing. Within the next year or so, most of the apartments currently under construction will be completed and occupied. There are indications that at that time the supply of new apartments will have dried up, by and large, in many urban areas, and that a rental shortage may be in store, at least in some of the main urban centres.

Local opposition to apartments arises from several grounds -- because of their adverse effect on neighbourhood stability, because they are not suitable for children, because they

are unpleasant from an esthetic standpoint. There is concern that they remove families from the inner city areas, substituting non-family households. There is also concern with the greater service costs they are believed to generate, particularly the pressure on transportation and community facilities.

These objections can be justified, to varying degree, in individual cases. There is little doubt, for example, that many families have been forced through the lack of suitable alternatives to live in apartment buildings designed and built without the needs of children in mind. Play possibilities are limited because it is necessary to restrict noisy activities, and it is difficult to supervise childrens' activities from remote above-ground locations. Nevertheless there is little conclusive evidence that apartments per se are necessarily unsuitable for child raising, but only that apartments that were not designed to accommodate children are not particularly suitable for children.

Similarly, the other objections need to be taken seriously. The insertion of very tall and sometimes visually overpowering structures in what are essentially low profile urban neighbourhoods can be offensive to many people, and the destruction of older buildings generally is a matter that concerns a number of people. As well, residents who find particular advantage in living close to the centre of cities often feel that the new downtown housing developments do not offer an acceptable form of accommodation for their purposes.

While these objections can be justified in individual circumstances, they do not, in total, provide a suitable basis for establishing public policy for rental housing.

Some of the claimed deficiencies can be corrected, with suitable public action. Building standards and zoning regulations can be revised to ensure that apartments for family occupancy are designed with the needs of children in mind -- that is, that they provide adequate space for children to play and adequate supervision for young children away from the family unit. Similarly, the unpleasant appearance of apartment blocks can be ameliorated by exercising suitable site plan controls. As well, the burden on municipal services and community facilities can be accommodated by suitable planning provision and suitable location practices.

Whatever the faults of apartments, multiple housing will continue to provide an important part of the total housing stock in most of the larger urban areas, and rental accommodation will continue to be required in the smaller areas as well. The urban population cannot be housed only in low-density dwelling at any economically feasible level, and the demands that this would make on the utilization of land and the provision of public services and transportation are equally unfeasible.

It is necessary to establish development standards and controls that will help to promote alternative forms of multiple housing, such as low-rise medium-density buildings, and that will ensure that the high-density buildings that are constructed can be adequately accommodated in their surroundings. It is also necessary to establish, as a matter of public policy, that rental accommodation in the form of apartments, will continue to be built and will be encouraged, rather than impeded.

Conclusions that can be reached are essentially the following:

- The Provincial Government should establish suitable policies to guide municipalities and the Ontario Municipal Board in dealing with apartment and other multiple housing proposals.
- Municipal zoning regulations should be reviewed and changed so as to promote, rather than inhibit, the development of alternative forms of medium-density housing.
- Regulations should be developed to ensure that medium- and high-density housing makes adequate provision for the needs of families with children.
- Municipalities and developers should be encouraged to locate suitable apartment sites in areas that are now zoned for non-residential use but that are becoming obsolete for this purpose. To the extent that this may require additional municipal service costs, there should be Provincial financial assistance.
- The down-zoning of existing apartment sites should take account of the overall community housing needs, as well as the desires of the individual developer and the wishes of the immediate neighbourhood.
- Condominium apartments should continue to receive Provincial mortgage support as an acceptable form of

higher density ownership housing.

OUTSIDE ASSISTANCE: THE NHA AMENDMENTS

The new NHA amendments can be of considerable assistance in carrying out Provincial and municipal housing programs. Essentially, the amendments provide for financial assistance in land assembly, neighbourhood improvement and residential rehabilitation, financing of non-profit housing, and assisted home ownership. Their applicability is briefly reviewed here.

The land assembly program provides for loans covering up to 90 percent of the cost of land acquired for housing purposes and for new community development. An amount of \$100 annually has been set aside for a five year period for this purpose, and present indications are that Ontario may receive perhaps 50 percent.

This amount would not be adequate if the Province proceeds with a comprehensive land program that is designed both to develop new communities and to provide extensive land holdings for other purposes (leased lots, strategic market intervention, etc.), as described in Working Paper C (Land for Housing). The full dimensions of a prospective Provincial land program will not be determined for some time, and it may be possible to secure additional Federal funding as matters progress. If not, it will be necessary for the Province to secure additional funds on its own.

As for the rehabilitation and neighbourhood improvement program, the main Provincial considerations have already been noted here. These are, essentially, that rehabilitation funding not be restricted to the larger communities, nor to designated improvement areas in these communities; that the standards to be employed be geared to prevailing local or neighbourhood levels rather than to province-wide or national specifications; and that matching Provincial funding be made available to make the program feasible in the high-cost conditions to be found in most Ontario communities. It is particularly necessary to ensure that additional Provincial funding be restricted to facilitating the rehabilitation of low- and moderate-income housing.

The Federal program does not provide for urban renewal assistance involving clearance, as against rehabilitation, activities, which have effectively been frozen for several years. In a number of Ontario communities there is a need

for such activities to be carried out in conjunction with overall community development programs. If it is not possible to secure revision of the Federal program to accommodate these activities, it will be necessary for the Province to proceed with the necessary financial assistance under existing Provincial legislation.

The desirability of promoting the greater use of voluntary housing has already been discussed here, and the Federal programs will substantially increase the kinds of assistance available to non-profit and cooperative housing organizations. They should be incorporated in a comprehensive Provincial policy of assisting the voluntary sector to provide low- and moderate-income housing.

The provisions of the Federal program for assisted homeownership are not likely to be of benefit to low-income families in Ontario, given the prevailing price of housing in the Province and the income limitations envisage in the program. An increase in the maximum loan amounts eligible for subsidy will be necessary, or supplementary Provincial assistance.

In general, the NHA programs should be of considerable assistance in furthering Provincial and municipal housing programs. Their applicability to Ontario will depend in large part on the way in which they are administered, and on the availability of supplementary Provincial funding.

REFERENCES

1. The term "Third Sector" used in the study is replaced here by "Voluntary Housing Sector".
2. Michael Dennis and Susan Fish: Programs in Search of a Policy. Low Income Housing in Canada. Hakkert Toronto, 1972.
3. Ontario, Ministry of Treasury, Economics and Intergovernmental Affairs. Mobile Homes in Ontario. Summary of a report by Peter Barnard Associates (Toronto: 1973) p.2.
4. Submission to the Task Force from the Parkington Corporation, Kingston.
5. Barnard, p.6,7.

4. HOUSING INFORMATION, RESEARCH AND INNOVATION

Development of a comprehensive long-range Provincial housing program requires more than an understanding of the current housing situation. For Provincial policy to be effective it should respond to changes affecting the demand for housing and must be flexible enough to permit modifications in the procedures affecting supply.

There is therefore a need to develop and maintain sources of reliable and up-to-date information about housing and related matters; to engage in research that generates necessary information that is lacking; and to review innovations that will affect the supply, cost and suitability of housing. There is also an overriding need for continual ongoing evaluation of housing programs underway.

HOUSING INFORMATION

Information used in this study has been drawn from disparate sources, including existing government statistics (accumulated mainly at the Federal level); records of real estate transactions, and surveys of selected groups of municipalities carried out by different investigators, for different purposes, and using different techniques.

Because the material has been so varied, it has been difficult to compare or generalize about the land and housing markets on a province-wide basis. The fact that it has been possible to assemble some statistical

information related to housing suggests that to some extent the problem is one of organization and retrieval, as well as of generating information. Both aspects of the problem require attention.

Housing information benefits a variety of users: the various levels of government, consumer and community groups, and professional and industry organizations involved with physical and social development.

The information has not only to be gathered but also coordinated and centralized. It has to be readily accessible when needed, and in a form that is usable.

The Provincial responsibility should be to ensure that information from local, regional and non-public sources can be used for inter-jurisdictional comparisons and for province-wide analysis.

The Province can either assume full responsibility for collecting and organizing information, or can require municipal governments to follow specific guidelines in collecting and reporting information. For some of the smaller municipalities this might require some kind of financial assistance.

The basic need is a housing information bank that contains all housing and related data presently available in existing public and private agencies, assembled in usable form. The nucleus for this could exist in Provincial assessment information which is collected on a regular basis and which provides much of the necessary physical and occupancy information. The conversion of the assessment data bank into a comprehensive housing data bank would provide a mechanism for establishing the necessary information base.

Among the information needed to develop ongoing housing policy at the various governmental and private levels are the following:

- 1) A permanent, continually updated record of land holdings throughout the Province, with suitable geographic referencing (geocoding), and including figures on current market value.
- 2) A record of sale prices of all residential buildings, organized so as to permit comparisons among municipalities and regions.

3) An ongoing inventory at the municipal level of existing housing, categorized by type, age (where possible), number of rooms, occupancy characteristics, and condition.

4) An ongoing record of housing starts and demolitions for all municipalities, categorized by type.

Much of this information is available in current assessment records, though not in complete form. What is required is to collect the required supplementary information and to establish mechanisms for its ready retrieval and systematic reporting.

RESEARCH

Current research in housing tends to be concerned mainly with environmental questions and with individual and social attitudes and behaviour. There is little research in the area of housing supply, need and demand, possibly in part because the required information is not readily available or very usable for research purposes.

Provincial interest in housing research should be organized to incorporate the findings from current research, but should concentrate on problems directly associated with developing governmental housing programs.

These include, among other things, the systematic correlation of different kinds of information to provide a base for analyzing and evaluating housing trends and the behaviour of the housing market.

Numerous kinds of analysis could be carried out, and the determination of which should be included in an ongoing Provincial housing research program would have to be made by the agency responsible for formulating Provincial housing policy.

Essentially, however, what would be needed are various correlations, relating basic housing characteristics to social, economic and physical data. Some examples would be the correlation of land and house prices, on a municipal and regional basis, to population growth trends; correlation of housing types and costs with family income characteristics; correlation of data on available housing stock with data on household size and income and other indicators of housing demand. These are indicative of the kinds of ongoing research that could be carried out, from a suitable data

base, to provide analytic information for use in establishing housing policy and housing programs.

There are other kinds of research that would also be useful for this purpose. These would relate generally to evaluating the implications of various kinds of government activities relating to housing to help establish a suitable basis for coordinating government policies and programs at both Provincial and municipal levels.

The research needed in this area could include an evaluation of the municipal grant system and its effect on municipal development decisions; an assessment of the servicing implications of different levels of development density; the relationship between tax revenues and service costs of different types of development; the effect of regional and local planning decisions, zoning regulations and service standards on land values and housing supply and cost. . . .

These again are not an exhaustive list but simply an indication of the kind of analysis that would be of use in formulating housing policies and programs.

INNOVATION

Useful innovation in housing may be directed to many areas. Of those with particular relevance to Provincial housing activities are innovations intended to assist the production, reduce the cost and improve the quality of housing. Some of these are susceptible to direct Provincial involvement, while others may be of considerable Provincial interest but only marginally of direct Provincial concern.

The areas in which direct Provincial involvement in fostering innovation would be useful include the following:

- 1) Development of land use regulations that are responsive to housing considerations; that reflect regional differences; and that would promote, rather than inhibit, housing forms and groupings that correspond to changing economic and social circumstances. (Of particular relevance here is the need to develop regulatory policies that can accommodate innovative forms of medium-density family housing.)
- 2) Establishing building codes that would assist in simplifying production procedures and that would permit manufacture of housing components on a large scale.

3) Development of flexible servicing techniques that allow for regional physiographic variations and temporary or short-term solutions to critical housing pressures. These are perhaps as much a matter of servicing standards as of innovation in servicing techniques, but the technical basis for the provision of services, in both urban and rural situations, needs serious exploration.

4) Innovation in building techniques. Research in and development of new building techniques is probably more directly a matter of Federal than of Provincial responsibility. But Provincial activity in this area can be usefully secured by judicious use of OHC developments for demonstrating various kinds of innovations. Because of the scope of OHC's activities, there may be ways in which innovative techniques can be explored usefully and economically. OHC's recent venture into systems building techniques represents one such exercise from which useful information could be drawn, and there are likely to be other kinds of innovative explorations that could be accommodated in OHC's program on a demonstration or pilot basis.

There is also a wide area for potential innovation in housing and community design that should be explored in a systematic way. This again is equally a matter of Federal and local concern, as well as of housing producers and consumers and community groups generally.

Some of the areas for potential exploration are described in a study prepared for the Task Force.* They include such diverse questions as the reconciliation of density and livability; new forms of multiple housing; achievement of maximum visual and acoustical privacy in multiple housing forms; use of the small single-family house as a form of moderate-density housing; optimum utilization of the existing housing stock; and design of housing for mutual ownership.

For these and similar areas there is a need for considerable research and experimentation. Direct Provincial involvement in such activities may not be easy to define, but some kind of continuing government interest in these questions should receive serious consideration by any agency that is established to formulate Provincial housing policy and carry out Provincial housing programs.

*Potential for Innovation and Improvements in Housing Production and Marketing; James A. Murray, April 1973.

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